



Canadian Tire Corporation, Limited

2022 Annual Information Form

February 15, 2023

# 2022 Annual Information Form

Canadian Tire Corporation, Limited

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## **ANNUAL INFORMATION FORM CANADIAN TIRE CORPORATION, LIMITED**

In this document, the terms “Company” and “CTC” refer to Canadian Tire Corporation, Limited, its predecessor corporations and all entities controlled by it and their collective businesses, unless the context otherwise requires.

“Canadian Tire Retail” and “CTR” refer to the general merchandise retail and services businesses carried on under the Canadian Tire, PartSource, Pro Hockey Life and Party City names and trademarks.

“Canadian Tire” refers to the general merchandise retail and services business carried on under the Canadian Tire name and trademarks.

“CTB” and the “Bank” refer to Canadian Tire Bank, a subsidiary of CTFS Holdings.

“CTFS Bermuda” refers to CTFS Bermuda Ltd., a subsidiary of CTFS Holdings.

“CTFS Holdings” refers to CTFS Holdings Limited.

“CT REIT” and the “REIT” refer to CT Real Estate Investment Trust.

“CT REIT LP” refers to CT REIT Limited Partnership, a subsidiary of CT REIT.

“Helly Hansen” refers to the international wholesale and retail businesses carried on under the Helly Hansen and other related names and trademarks.

“Mark’s” refers to the retail and wholesale businesses carried on by Mark’s Work Wearhouse Ltd. under the Mark’s and L’Équipeur names and trademarks.

“Party City” refers to the party supply business that operates under the Party City name and trademarks in Canada.

“Petroleum” refers to the retail petroleum business carried on under the Canadian Tire and Gas+ names and trademarks.

“SportChek” refers to the retail businesses carried on by FGL Sports Ltd. under the SportChek, Sports Experts, Atmosphere, Sports Rousseau and Hockey Experts names and trademarks, unless the context requires otherwise.

Other terms that are capitalized in this document are defined the first time they are used.

Unless otherwise specified herein, the information in this Annual Information Form is presented as at December 31, 2022 (the last day of CTC’s most recently completed financial year) and all dollar amounts are expressed in Canadian dollars. Certain portions of this Annual Information Form reference the Company’s Management’s Discussion and Analysis for the fourth quarter and full-year ended December 31, 2022 (“Annual MD&A”) and Annual Consolidated Financial Statements for the year ended December 31, 2022 (“Annual Financial Statements”), which are available on the System for Electronic Document Analysis and Retrieval (“SEDAR”) at <https://sedar.com> and on the Company’s website at <https://corp.canadiantire.ca>, and are incorporated by reference herein.

This Annual Information Form contains information that may constitute forward-looking information within the meaning of applicable securities laws. Forward-looking information provides insights regarding management’s current expectations and plans, and allows investors and others to better understand the Company’s anticipated financial position, results of operations and operating environment. Readers are cautioned that such information may not be appropriate for other purposes. Although the Company believes

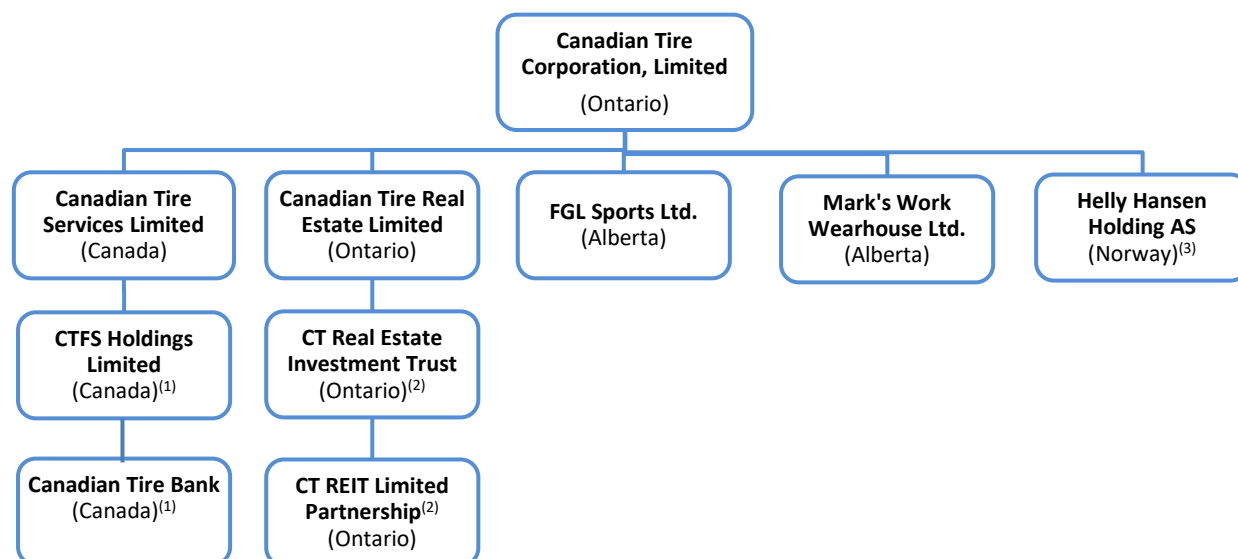
that the forward-looking information in this Annual Information Form is based on information, assumptions and beliefs that are current, reasonable, and complete, such information is necessarily subject to a number of business, economic, competitive and other risk factors that could cause actual results to differ materially from management's expectations and plans as set forth in such forward-looking information. The Company cannot provide assurance that any financial or operational performance, plans, or aspirations forecast will actually be achieved or, if achieved, will result in an increase in the Company's share price. See section 12 entitled "Forward-Looking Information" for a more detailed discussion of the Company's use of forward-looking information.

This document contains trade names, trade marks and service marks of CTC and other organizations, all of which are the property of their respective owners. Solely for convenience, the trade names, trade marks and service marks referred to herein appear without the ® or ™ symbol.

## 1 Corporate Structure

Canadian Tire Corporation, Limited was incorporated under the laws of Ontario by letters patent dated December 1, 1927, and is governed by the *Business Corporations Act* (Ontario). CTC was amalgamated with four of its wholly owned subsidiaries pursuant to Articles of Amalgamation, effective January 1, 1980. CTC's articles were subsequently amended, effective December 15, 1983, to reorganize the capital structure of CTC, among other things.

The principal, registered and head office of CTC is located at 2180 Yonge Street, P.O. Box 770, Station K, Toronto, Ontario, M4P 2V8. CTC's corporate website address is <https://corp.canadiantire.ca>. Set out below are the principal legal entities through which CTC conducts its businesses and their applicable governing corporate jurisdictions. Except as described below, CTC beneficially owns, or controls or directs, directly or indirectly, 100% of the voting securities of each entity:



<sup>1</sup> The Company indirectly beneficially owns, controls or directs 80% of the voting securities of CTFS Holdings Limited and its wholly owned subsidiary, Canadian Tire Bank. The 20% interest in CTFS Holdings Limited and, consequently, Canadian Tire Bank, not owned by the Company is held by The Bank of Nova Scotia ("Scotiabank").

<sup>2</sup> The Company indirectly beneficially owns, or controls or directs 68.7% of the voting securities of CT REIT through its ownership of 33,989,508 Units of CT REIT and all of the issued and outstanding Class B Limited Partnership Units of CT REIT LP, which are accompanied by one Special Voting Unit of CT REIT and are economically equivalent to, and exchangeable for, Units of CT REIT. CTC also owns all of the issued and outstanding non-voting Class C limited partnership units of CT REIT. CT REIT wholly owns the general partner of CT REIT LP, CT REIT GP Corp., and all of the issued and outstanding Class A Limited Partnership Units of CT REIT LP, which represent the voting securities of CT REIT LP.

<sup>3</sup> Helly Hansen Holding AS, which owns Helly Hansen, is indirectly owned by CTC through its wholly owned subsidiary, CTC Triangle B.V., a company incorporated pursuant to the laws of the Netherlands.

## 2 Description of the Business

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For a century, the Company has been guided by the innovative and entrepreneurial spirit of its founders. Starting from a single garage established by A.J. and J.W. Billes in 1922, CTC has grown to one of the country's most recognized brands and group of companies, ensuring Canadians have access to the products, services and support they need for life in Canada.

Today, the Company operates one of the largest retail networks in Canada, with over 1,400 retail stores, one of the country's largest loyalty programs, Triangle Rewards, with 11.3 million active members, and a credit card portfolio with 2.3 million active credit cardholders. Through CT REIT, it also owns and operates an extensive commercial real estate portfolio, representing approximately 30.1 million square feet of gross leasable area in all ten provinces and two territories across Canada.

### ***CTC Brand Purpose and Strategy***

CTC's brand purpose, *We Are Here to Make Life in Canada Better*, informs all decisions the Company makes, including with respect to its strategy. The *Better Connected* strategy, announced at Investor Day in March 2022, aims to modernize the customer experience, better connect customers across all banners and increase engagement with the Company's Triangle brand across a range of products and services.

The strategic direction is supported by the five strategic pillars described below, each of which informs the Company's strategic initiatives and investment decisions:

1. Customer: creating valuable relationships through the Company's Triangle Rewards program
2. Experience: delivering Canada's best omnichannel experience through store and digital channels
3. Product: designing and delivering world-class products
4. Community: furthering the Company's positive impact on Canada through strong community, sustainability and diversity efforts
5. People & Enablers: changing the way the Company works to develop its people, capabilities, and systems to deliver its strategic objectives

The Company's multi-year, multi-billion dollar investment plan, announced in conjunction with its *Better Connected* strategy, aims to enhance the omnichannel customer experience, including by rolling out a new "Concept Connect" format to approximately half of the Canadian Tire store network. In addition, the Company is strengthening its supply chain fulfillment infrastructure and automation, modernizing its IT infrastructure and driving efficiency in how the Company operates. The focus on investing in the business is coupled with a balanced approach to capital allocation, which positions CTC to continue to generate attractive returns for its shareholders. Additional information with respect to the Company's strategy and investment plan is contained in section 4.0 entitled "Strategy and Four-Year (2022 to 2025) Financial Aspirations" of CTC's Annual MD&A.

### ***CTC Segments***

CTC operates through three reportable segments – the Retail segment, the Financial Services segment, and the CT REIT segment.

The Retail segment, which includes Canadian Tire, SportChek, Mark's, PartSource, Helly Hansen, Party City and Petroleum, is a network of more than 1,400 retail stores and more than 280 gas bars across Canada.

The Financial Services segment comprises the operating subsidiaries of CTFS Holdings (CTB and CTFS Bermuda), through which CTFS Holdings provides financial and other ancillary products and services, including issuing credit cards.

The CT REIT segment reflects CTC's 68.7% interest in CT REIT, an unincorporated, closed-end real estate investment trust which owns, manages and develops income-producing commercial properties located in all ten provinces and in two territories across Canada, with CTC as its most significant tenant.

Further details on each of CTC's three reportable sections are described below.

## 2.1 Retail Segment

The retail businesses offer customers a breadth of differentiated and innovative products and services through convenient in-store and online shopping experiences. The Company's customer loyalty program, Triangle Rewards, connects CTC's Canadian retail banners, driving customer engagement through the collection and redemption of rewards, as well as personalized offers.

### ***Canadian Tire Retail***

Canadian Tire Retail represents the Canadian Tire, PartSource, Party City and Pro Hockey Life banners.

#### ***CTR Banners***

**Canadian Tire** is one of the country's most recognized general merchandise retailers, easily identified by the Canadian Tire name and trademark. Through a network of 504 stores across the country as well as its digital channels, Canadian Tire provides Canadians with access to the country's largest breadth of national and owned brand products – more than 197,000 products in 207 product categories across five divisions – Automotive, Fixing, Living, Playing, and Seasonal & Gardening. The majority of Canadian Tire stores also provide a variety of automotive services. Among the well-known owned brands carried at Canadian Tire are Canvas, For Living, Motomaster, Mastercraft, Noma, and Paderno.

**PartSource** is a specialty automotive parts chain with 80 Canadian retail stores owned and operated by CTC that provides access to unique automotive parts and products. Its stores are staffed by automotive experts and cater to serious "do-it-yourselfers" and professional installers. PartSource stores also offer a broad selection of automotive parts and maintenance accessories to Canadian Tire stores, other retailers and commercial customers.

**Party City** is a leading, one-stop shopping destination for party supplies with 65 Canadian retail stores operated by Canadian Tire Associate Dealers. The Party City assortment is also available nationwide at Canadian Tire stores.

**Pro Hockey Life** is a specialty retailer with 16 Canadian retail stores owned and operated by CTC that sells an assortment of high-end hockey products.

#### ***CTR Divisions***

The products and services offered by Canadian Tire, PartSource, Party City and Pro Hockey Life are categorized and/or managed under the following divisions, as applicable:

The **Automotive** division is responsible for automotive products and services, including automotive maintenance products and accessories, parts and tires, as well as automotive services such as oil changes, tire installations and repairs. Canadian Tire stores house over 5,600 automotive service bays. Canadian Tire also offers a roadside assistance membership program covering over 170,000 members across all 10 provinces and two territories.

The **Fixing** division includes products in the tools, hardware, paint, electrical, plumbing, home environment and smart home categories.

The **Living** division includes products in the kitchen, home organization, decor, home electronics, pet, cleaning and consumable categories.

The **Playing** division includes products in the outdoor recreation, exercise, footwear and apparel, hunting, fishing, camping, and sporting goods categories.

The **Seasonal & Gardening** division covers all the products customers need to tackle the Canadian seasons. Fall and winter categories include Christmas trees, lights and decor, Halloween decor and costumes, yard care and maintenance and snow removal equipment. Spring and summer categories include patio furniture, barbecues, pools, trampolines, outdoor power equipment and tools, plants, and gardening supplies. The division is also responsible for products in the kids' fun area, which includes categories such as backyard amusement, pool fun, and toys and games.

**Category Business Management** – CTC employs category business management teams (or merchants) to build compelling, seasonally relevant assortments through category reviews and continuously refine the product selection and introduce new, innovative and often exclusive brands and product assortments. Once product selections are finalized, the category management teams determine the optimal sales and distribution channel, forecast demand, and execute the purchasing and ordering of products. The teams use in-season management tools to proactively manage and adapt to any changes from their original demand forecast and assumptions. This comprehensive process enables the merchants to actively manage the business during each season.

### **Store Network**

As at the end of 2022, the number of Canadian Tire Retail stores by banner and applicable province and territory in Canada was as follows:

Province or Territory	Canadian Tire	PartSource	Party City	Pro Hockey Life
British Columbia	54	1	9	1
Alberta	58	14	10	4
Saskatchewan	16	5	3	-
Manitoba	15	5	-	1
Ontario	203	52	38	9
Quebec	100	-	-	-
New Brunswick	19	-	2	-
Nova Scotia	22	3	2	1
Prince Edward Island	2	-	-	-
Newfoundland and Labrador	13	-	1	-
Yukon	1	-	-	-
Northwest Territories	1	-	-	-
Total	504	80	65	16

Canadian Tire stores range in size from approximately 3,200 to 136,000 retail square feet. As at the end of 2022, total retail square footage was approximately 22.7 million retail square feet across 504 stores.

Generally, the premises on which Canadian Tire stores are located are owned by CTC, including through its subsidiary, Canadian Tire Real Estate Limited ("CTREL"), or leased to CTREL indirectly by CT REIT or third-party landlords. Of the 504 stores, 330 stores are located on properties owned by CT REIT, 39 are located on properties owned by CTC and the remaining 135 are located on properties leased from third parties.

**Canadian Tire Dealers** – Canadian Tire's 504 stores are operated by independent third parties, known as Associate Dealers ("Dealers"). Each Dealer owns the fixtures, equipment, and inventory of the store they operate, employs the store staff and is responsible for the store's operating expenses. Generally, the

premises on which the Canadian Tire stores are located are owned or leased by CTC and licensed to individual Dealers. CTC's relationship with each Dealer is governed by an individual Dealer contract pursuant to which each Dealer agrees to operate the retail business of a Canadian Tire store under the Canadian Tire name and to use best efforts to manage their Canadian Tire store at its maximum capacity and efficiency. Individual Dealer contracts are all in a standard form, each of which generally expires on December 31, 2029. Each Dealer agrees to comply with prescribed policies, marketing plans and operating standards, which among other things, include purchasing merchandise primarily from CTC, while maintaining the decision-making behind customizing their local assortments, and offering merchandise for sale to consumers at prices not exceeding those set by the Company.

CTC performs a variety of functions to support the Dealers, including category business management, marketing, and product curation and distribution. The curation process includes product and brand selection, as well as purchasing, pricing and marketing. CTC also supports Dealers with administrative, financial, and IT services, as well as operational support, which includes programs to improve the in-store customer experience, retail concept implementation, monitoring of operational and financial performance, and managing Dealer mobility and changeover. CTC also provides Dealers with access to Franchise Trust, a program offering financing to Dealers for their store operations. Information concerning Franchise Trust is included under Note 9 entitled "Loans Receivable" of the notes to the 2022 Annual Financial Statements.

**Competitive Conditions** – The mutually supportive relationship the Company has with the Dealers is a key differentiator in understanding local needs in communities across Canada. CTR competes with international, national as well regional retailers. Among its competitors are omnichannel, eCommerce, and brick-and-mortar retailers, including discount and warehouse stores, mass merchandisers, and speciality retailers. CTR holds a strong market share position in many product categories, with particular strength in the automotive parts, kitchen, seasonal, sporting goods and tools categories. While the vast majority of CTR's sales continue to come from its brick-and-mortar channel, digital channels play an increasingly important role in customers' shopping experiences, with banners, including Canadian Tire, offering in-store and curbside pick-up as well as ship-to-home order fulfilment. In-store pick-up is facilitated through one of the country's most extensive deployments of self-serve lockers.

## **SportChek**

SportChek operates a group of sporting goods and activewear retailers in Canada under various banners, including SportChek, Sports Experts and Atmosphere.

The banners offer an extensive range of active apparel and sporting goods at various price points that appeal to a broad range of consumers looking to lead a healthy, active lifestyle. The comprehensive assortment includes both national and owned brands. The Company's highly competitive owned brands portfolio includes brands such as Diamondback, Forward With Design (FWD), Helly Hansen, Ripzone, Sherwood, and Woods.

**Corporate Store Operations** – Corporate-owned retail stores operate under the SportChek and Atmosphere banners.

- SportChek is a leading national retailer offering a wide assortment of athletic, outdoor, leisure, and recreational footwear, apparel and accessories, along with sports equipment and wellness products.
- Atmosphere is a specialty retailer offering high-end, outdoor technical gear, casual clothing, footwear and accessories, with both national and owned brand representation.



As at the end of 2022, the number of SportChek and Atmosphere corporate stores by applicable province in Canada was as follows:

Province	SportChek	Atmosphere
British Columbia	32	9
Alberta	33	7
Saskatchewan	11	2
Manitoba	8	1
Ontario	85	-
New Brunswick	5	-
Nova Scotia	11	-
Prince Edward Island	2	-
Newfoundland and Labrador	6	-
Total	193	19

The corporate-owned retail banners offer the full assortment and extended aisle products through their eCommerce websites.

**Franchise Operations** – SportChek also operates a franchise division for a number of its retail banners, including Sports Experts, Atmosphere, and Le Trio Hockey, which operates as Hockey Experts and Sports Rousseau/L'Entrepôt du Hockey.

- Sports Experts is the largest sporting goods retailer in Quebec, offering a broad assortment of national and owned brand products, including equipment, apparel, footwear and accessories.
- Atmosphere, which operates as a corporate-owned banner in other provinces, is a franchise operation in Quebec.
- Le Trio Hockey specializes in hockey equipment, apparel and accessories.

The franchisee-operated stores offer a wide selection of products through the franchise banners' eCommerce websites.

In addition to the franchisee-operated stores, there are several third-party operated stores that have buying member status in SportChek's franchise program with access to products for their businesses. These buying members typically undertake their own merchandising, purchasing, advertising, transportation, and general administration.

As at the end of 2022, the number of SportChek franchise stores by applicable province and territory in Canada was as follows:

Province or Territory	Sports Experts	Atmosphere	Hockey Experts	Sports Rousseau/ L'Entrepôt du Hockey
British Columbia	2	-	-	-
Alberta	5	-	-	-
Ontario	1	-	-	-
Quebec	82	44	10	13
New Brunswick	4	-	-	-
Newfoundland and Labrador	1	-	-	-
Yukon	1	-	-	-
Total	96	44	10	13

Stores operated under the SportChek banners are primarily leased from third parties.

**Competitive Conditions** – The sporting goods retail industry in Canada is highly fragmented and includes specialty retailers, mass merchants, online retailers as well as discount and outlet channels. Competitive differentiators include price, quality, service, selection and fashion, as well as online presence and store location and environment. SportChek is distinguished from its competitors through the broad geographic coverage provided by its corporate and franchise stores in Canada and the merchandise and brands it offers, which includes owned brands. Its banners' eCommerce websites and order fulfillment options also allow it to compete against eCommerce retailers and national brands which sell directly to consumers.

## Mark's

Mark's is one of Canada's largest casual and industrial apparel and footwear omnichannel retailers, known for offering quality and innovative products under owned and national brands. The store network consists primarily of corporate-owned stores with some franchise stores across Canada. Owned brands carried at Mark's include Dakota WorkPro, Denver Hayes, Helly Hansen and WindRiver. These brands are complemented by nationally recognized brands such as Carhartt, Columbia, Levi's, Silver, Skechers and Timberland. Mark's is continually developing and introducing new products utilizing innovative technologies intended to keep Canadians warmer, drier, safer and more comfortable. Mark's operates under the name "L'Équipeur" in Quebec. Mark's offers online retailing through its websites with online order fulfillment through in-store and curbside pick-up and ship-to-home.

As at the end of 2022, the number of Mark's corporate and franchise stores by applicable province and territory in Canada was as follows:

Province or Territory	Corporate stores	Franchise stores
British Columbia	51	9
Alberta	64	2
Saskatchewan	14	2
Manitoba	13	-
Ontario	130	7
Quebec	39	8
New Brunswick	12	1
Nova Scotia	16	-
Prince Edward Island	2	-
Newfoundland and Labrador	5	3
Yukon	1	-
Northwest Territories	1	-
Total	348	32

Mark's franchise stores are primarily leased from third parties, while corporate stores consist of a mix of owned properties and third-party leases.

**Mark's Commercial** – Mark's also conducts a business-to-business operation under the name "Mark's Commercial", selling footwear, apparel and personal protective equipment to businesses with a focus on employee safety and workwear needs.

**Competitive Conditions** – Mark's is a leader in workwear apparel and safety footwear in Canada and has significant market share in men's casual apparel, denim and footwear. Mark's competes against omnichannel, brick-and-mortar and eCommerce retailers, including mass merchants, department stores, national brands which sell directly to consumers, discount stores and other specialty apparel stores.

## ***Helly Hansen***

Helly Hansen is a leading global brand, based in Oslo, Norway, with an international wholesale and retail business in outerwear, base-layer, and workwear.

Founded in 1877, Helly Hansen is known for its professional grade gear and for being a leader in designing innovative and high-quality technical performance products developed for the harshest outdoor conditions. Within its core categories of sailing, skiing, mountain, urban, base-layer and workwear, Helly Hansen designs and delivers products used by professionals and outdoor enthusiasts around the world to help people stay and feel alive. For over 140 years, Helly Hansen has been developing and testing technologies with the input of professionals living and working in some of the world's toughest environments. Many professionals rely on Helly Hansen's products and innovative fabrics to keep them safe, protected and warm in some of the most challenging conditions.

Helly Hansen also owns the Musto brand, which is a leader in specialized technical apparel in the sailing, country, lifestyle and adventure categories.

Helly Hansen products are sold in more than 40 countries, including in core markets such as Norway, Sweden, Canada, the United Kingdom, and the United States. In 2022, the Company exited its Helly Hansen operations in Russia.

***Wholesale and Retail Operations*** – Helly Hansen sells sportswear and workwear products through wholesale channels as well as retail channels. Helly Hansen's wholesale channels consist of specialty sporting goods, workwear and department store retailers. In addition, Helly Hansen operates branded retail stores and outlets, mainly in Europe, with the primary purpose of promoting its brands in support of its wholesale business. Helly Hansen also operates branded sportswear and workwear eCommerce sites in various regions, including across Europe, Canada, and the United States.

***Competitive Conditions*** – Helly Hansen competes with other specialty brands. The outdoor sports apparel and footwear market is fragmented and composed of large global brands, mid-sized companies, and numerous niche players. Helly Hansen distinguishes itself from its competitors through technically advanced products, innovation, professional quality, brand authenticity and a reach that spans wholesale partners, retail locations and eCommerce websites. Helly Hansen also competes in the industrial workwear market, which is highly fragmented with a limited number of international brands due to different climates and regulations across regions. Within this market, Helly Hansen competes primarily against European and North American brands that offer premium, functional, and stylish protective wear.

## ***Petroleum***

Petroleum is one of Canada's largest independent retailers of gasoline with 284 retail gas bars and associated convenience stores, of which 153 are located adjacent to Canadian Tire stores. Petroleum also operates 20 gas bars and associated convenience stores located at ONroute rest stops along major Ontario highways (Highway 401 and 400). There are also 124 electric vehicle ("EV") recharging stations located at the retail gas bars, including at select ONroute locations and/or at Canadian Tire stores. The gas bars are operated under the Canadian Tire and Gas+ names by independent retailers pursuant to agreements governing the sale of petroleum products.

As at the end of 2022, the number of Petroleum gas bars and EV charging stations by applicable province in Canada was as follows:

Province	Petroleum gas bars	EV charging stations
British Columbia	4	13
Alberta	19	8
Saskatchewan	6	10
Manitoba	6	5
Ontario	163	80
Quebec	52	6
New Brunswick	15	-
Nova Scotia	9	-
Newfoundland and Labrador	10	-
Prince Edward Island	-	2
Total	284	124

**Competitive Conditions** – Petroleum sources its fuel from several primary suppliers at competitive prices. It competes with other national and regional operators of gas bars, convenience stores and car washes. Similar to other independent retailers in the industry, Petroleum is exposed to a number of risks in the normal course of its business that have the potential to affect its operating performance, including those relating to the availability and pricing of fuel.

## ***Digital Channels and Customer Engagement***

CTC remains committed to investing to offer customers a choice around how to shop at the Company's banners. While customers today more often transact in-store at the Company's more than 1,400 retail store locations, their shopping journeys often begin through websites or mobile applications.

The Company's One Digital Platform ("ODP"), launched at Canadian Tire in 2022, provides a fast, consistent, more personalized and reliable digital shopping experience for customers shopping through the eCommerce website and mobile application. In addition to enabling a better digital experience through ODP's integrated search, checkout and fulfillment functions, the cloud-based solution also enhances site stability and facilitates higher transaction volumes.

Canadian Tire's mobile application is also a critical tool for enhancing the in-store customer experience. It integrates with the Triangle Rewards program and is equipped with in-store functionality to assist customers with locating items, as well as providing opportunities for redemption and scanning of QR codes.

The Company also offers a variety of fulfillment options for those transacting online, including in-store pick-up, curbside pick-up and ship-to-home across its banners.

## ***Roller Labs Ventures***

CTC's Roller Labs Ventures, launched in 2022, is an innovation program allowing CTC to invest in primarily Canadian start-up and early stage companies, independently or in partnership with Canadian venture capital partners, based on defined investment and governance criteria, enabling such companies to grow, commercialize their solutions, and compete both domestically and globally. Investments in these companies also presents an opportunity for CTC to bring digital improvements to its business and accelerate its strategic capabilities in areas such as customer insights and experience, product innovation

and operational efficiency. Roller Labs Ventures' investments in 2022 included an artificial intelligence company, Sanctuary Cognitive Systems Corporation.

## ***Owned Brands***

Owned brands provide the Company with a competitive advantage and a core differentiator in its product assortment, which increases customer engagement and loyalty. CTC's expertise in brand management, product development and design has contributed to the successful execution of owned brand strategies. The Company is continuously focused on strengthening its owned brand portfolio through internal product development as well as selectively pursuing acquisitions to complement key categories.

The Company has significantly increased the percentage of sales attributable to its owned brands in recent years, through both in-house development and acquisition. The Company's most recognized owned brands include Canvas, Dakota, Denver Hayes, Diamondback, For Living, Mastercraft, Motomaster, Noma, Outbound, Paderno, Raleigh, Ripzone, Sherwood, WindRiver and Woods, which are primarily sold at Canadian Tire Retail, SportChek and Mark's. The Company also owns Helly Hansen, a leading global brand with an international wholesale and retail business in outerwear, base layer and workwear, based in Oslo, Norway.

## ***Triangle Rewards***

The Company's customer loyalty program, Triangle Rewards, is a platform for engaging with CTC customers and providing them with a connected shopping experience. Triangle Rewards offers an enhanced value proposition to members, enabling them to collect and redeem CTC's loyalty currency, electronic Canadian Tire Money ("eCTM"), across CTC's Canadian retail banners. Triangle-branded credit cards offered through CTB are also an integral part of the program, allowing cardholders to collect eCTM at an accelerated rate across CTC's Canadian retail banners and collect eCTM on eligible purchases where Mastercard is accepted. See section 2.2 entitled "Financial Services Segment" for additional information on CTB's credit card business.

Triangle Rewards is a key enabler of sustained cross-banner customer engagement and personalized marketing. The Company's continued focus on data and analytics enhances its capability, through the Triangle Rewards program, to provide marketing communications to create enhanced customer relevance and engagement.

Triangle Rewards also provides valuable customer insights to help build retail strategies, inform product assortments and services, and identify the opportunity to selectively partner with Canadian retailers and brands (such as Bell and Avis/Budget) to bring enhanced value and offers to Triangle Rewards members.

## ***Retail Sourcing***

CTC sources merchandise globally. In 2022, approximately 55%, 23% and 46% of the value of inventory purchases of Canadian Tire Retail, SportChek and Mark's, respectively, were sourced directly from vendors outside Canada, primarily from Asia and denominated in U.S. dollars. The majority of Helly Hansen's purchases are from vendors in Asia and are denominated in U.S. dollars and Euros.

CTC operates retail sourcing offices abroad, including in Bangladesh, Hong Kong, Shanghai and Shenzhen. CTC is also supported by third-party sourcing service providers in India and Mexico and maintains a subsidiary that has wholesale operations based in the United States, including third-party warehouse facilities in the state of Washington. These operations provide access to foreign manufacturers and import sourcing support.

CTC uses its own internal resources and third-party logistics providers to manage supply chain technology and the movement of foreign-sourced goods from suppliers to distribution centres and stores.

Similar to other retailers which source products internationally, the Retail segment is exposed to risks associated with foreign suppliers which may include, but are not limited to, currency fluctuations, the stability and safety of manufacturing operations in other countries and transportation and port disruptions. The Company uses internal resources and third-party quality assurance providers to proactively manage product quality and business conduct with vendors in foreign sourcing regions and proactively engages to consider alternative sourcing.

The Company's Supplier Code of Business Conduct (the "Supplier Code") sets out the social compliance principles and practices of ethical business conduct that CTC expects of its suppliers of goods and services. The Supplier Code addresses bribery, child labour, forced labour, discrimination, freedom of association, wages and benefits, working hours, health and safety and disciplinary actions. CTC mitigates social compliance risk through a combination of ensuring all suppliers have acknowledged and agreed to abide by the expectations set out in the Supplier Code and periodic assessments of suppliers' facilities against globally recognized audit standards such as the Business Social Compliance Initiative audit standard. CTC reviews all factory audit findings and, where circumstances warrant, works with suppliers on corrective action plans. CTC reserves the right to terminate its business relationship with any supplier that fails to implement corrective actions or refuses to comply with the Supplier Code.

### ***Retail Supply Chain and Distribution Network***

CTC's supply chain function is responsible for managing the flow of products between suppliers, supply chain partners and CTC's distribution centres and retail stores operating across Canada. It is also responsible for online order fulfillment, which is performed out of both stores and distribution centres that are supported by sophisticated technologies (including distributed order management, carrier selection optimization and geo-fencing) to facilitate timely and cost-effective shipments.

CTC's supply chain uses several distribution channels, facilities, and modes of transportation, including third-party transportation and logistics providers, and railway transit, and is involved in most aspects of product replenishment and product information flow.

Most of CTC's products are distributed to stores from its large network of 14 distribution centres occupying more than 10 million square feet of warehouse space across Canada. Selected products are distributed directly from suppliers.

As at the end of 2022, the Company's distribution centres across Canada were as follows:

Province	Location	Area (Sq. ft.)	Servicing
Alberta	Calgary - 114th Avenue SE	954,813	CTR
	Calgary - 64th Street SE	24,343	Mark's
	Calgary - 68th Avenue SE	454,977	SportChek / Mark's
	Calgary - 72nd Avenue SE	498,618	CTR / SportChek
	Calgary - Dufferin Place	630,067	CTR
Ontario	Brampton - Airport Road	1,118,360	CTR / Mark's
	Brampton - Goreway Drive	1,148,972	CTR
	Brampton - Hereford Street	195,230	CTR
	Brampton - Steeles Ave East	1,424,108	CTR
	Caledon - Healey Road	1,422,351	CTR
	Mississauga - Marcove Road	475,517	SportChek
	Mississauga - Millrace Court	27,192	Mark's
	Vaughan - Express Auto Parts	224,190	CTR
Quebec	Coteau-du-Lac - Dupont	1,424,108	CTR
Total		10,022,846	

The Company continues to expand its distribution centre capacity, with projects planned or under construction, including a new 1.3 million square foot facility in Brampton, Ontario, a new 350,000 square foot facility in Calgary, Alberta, and a new 385,000 square foot facility in Richmond, British Columbia.

In addition to the Canadian distribution network, the Company operates two international distribution centres in Sumner, Washington and Born, Netherlands, which service Helly Hansen. These distribution centres represent over 400,000 square feet of warehouse space. The Company also holds a 25% interest in Ashcroft Terminal Ltd., which operates a 320-acre transload and storage terminal in inland British Columbia, providing the Company with cross-Canadian rail access from the terminal in support of its supply chain operations.

### Seasonality of the Retail Segment

CTC derives a significant amount of its Retail segment revenue from the sale of seasonal merchandise, with the largest percentage of its sales typically occurring in the fourth quarter. As a result of the seasonal pattern of revenue, CTC can experience a degree of sales volatility from abnormal weather patterns. The retail businesses mitigate this risk, to the extent possible, through the breadth of product mix, careful merchandise planning, the strengthening of non-seasonal categories and efficient marketing campaigns, as well as effective procurement and inventory management practices to factor in consumer demand. Any decrease in retail sales due to a slower holiday shopping season, unseasonable weather conditions, pandemic or epidemic outbreaks, economic conditions, government restrictions, temporary store closures or otherwise, could adversely affect business performance within the Retail segment.

The following table illustrates the quarterly revenue performance within the Retail segment over the last two years.

(C\$ in millions)	2022					2021				
	Q1	Q2	Q3	Q4	Total	Q1	Q2	Q3	Q4	Total
<b>Canadian Tire Retail</b>										
Revenue	\$2,147.2	\$2,420.7	\$2,179.7	\$2,900.3	\$9,647.9	\$1,893.9	\$2,368.4	\$2,067.4	\$2,867.4	\$9,197.1
% of full year Revenue	22.3%	25.1%	22.6%	30.1%	100.0%	20.6%	25.8%	22.5%	31.1%	100.0%
<b>SportChek</b>										
Revenue	\$408.8	\$476.1	\$576.4	\$637.9	\$2,099.2	\$396.7	\$453.4	\$560.6	\$625.8	\$2,036.5
% of full year Revenue	19.5%	22.7%	27.5%	30.4%	100.0%	19.5%	22.3%	27.5%	30.7%	100.0%
<b>Mark's</b>										
Revenue	\$277.2	\$350.9	\$324.9	\$608.2	\$1,561.2	\$245.0	\$290.0	\$307.3	\$579.7	\$1,422.0
% of full year Revenue	17.8%	22.5%	20.8%	39.0%	100.0%	17.2%	20.4%	21.6%	40.8%	100.0%
<b>Helly Hansen</b>										
Revenue	\$169.6	\$139.6	\$170.9	\$301.8	\$781.9	\$136.3	\$100.6	\$157.6	\$250.4	\$644.9
% of full year Revenue	21.7%	17.9%	21.9%	38.6%	100.0%	21.1%	15.6%	24.4%	38.8%	100.0%
<b>Petroleum</b>										
Revenue	\$498.4	\$679.5	\$614.6	\$549.0	\$2,341.5	\$343.2	\$400.8	\$503.5	\$489.7	\$1,737.2
% of full year Revenue	21.3%	29.0%	26.2%	23.4%	100.0%	19.8%	23.1%	29.0%	28.1%	100.0%
<b>Retail segment</b>										
Revenue	\$3,504.5	\$4,067.2	\$3,873.7	\$4,990.9	\$16,436.3	\$3,022.8	\$3,623.2	\$3,607.1	\$4,830.0	\$15,083.1
% of full year Revenue	21.3%	24.7%	23.6%	30.4%	100.0%	20.0%	24.0%	23.9%	32.0%	100.0%

<sup>1</sup> Revenue reported for Canadian Tire Retail, SportChek, Mark's and Petroleum include inter-segment revenue. Helly Hansen revenue represents external revenue only. Therefore, in aggregate, revenue for Canadian Tire, SportChek, Mark's, Petroleum, and Helly Hansen will not equal total revenue for the Retail segment.

## 2.2 Financial Services Segment

Financial Services is primarily involved in issuing Triangle-branded consumer credit cards, which are an integral part of the Triangle Rewards program. Financial Services also offers in-store financing to consumers, insurance products, and retail and broker deposits. In addition, Financial Services provides settlement services to CTC and its affiliates and marketing and customer analytics support services to CTC.

CTC holds an 80% interest in CTFS Holdings, which is the holding company of the operating entities comprising the Financial Services segment (Canadian Tire Bank and CTFS Bermuda); the remaining 20% interest is owned by Scotiabank.

CTB is a federally regulated Schedule I bank that is the marketer and issuer of Triangle-branded consumer credit cards, including the Triangle Mastercard and Triangle World Elite Mastercard, as well as the Gas Advantage Mastercard and Cash Advantage Mastercard. CTB's close integration with CTC's retail banners and the Dealers provides an advantage in acquiring new accounts and accelerating the issuance of the Company's loyalty currency, eCTM, to its most loyal customers.

CTB is also a deposit-taking institution, offering high interest savings accounts and guaranteed investment certificates ("GICs"), both within and outside tax-free savings accounts, and marketing GICs through third-party brokers.

**Lending** – CTB grants credit to its customers on Triangle-branded and other CTC-branded credit cards. With the granting of such credit, CTB assumes certain risks with respect to the ability and willingness of its customers to repay debt. CTB manages this risk in an effort to optimize profitability and has established comprehensive policies and sophisticated systems and processes, including credit-scoring models, to manage credit risk. CTB constantly monitors the creditworthiness of customers by using proprietary and third-party credit information to make informed credit decisions for each customer account to limit credit risk exposure, adopting technology to improve the effectiveness of the collection process, and monitoring the macroeconomic environment, especially with respect to consumer debt levels, interest rates, inflation, employment levels and income levels.

**Securitization of Receivables** – CTB sells undivided co-ownership interests in a revolving pool of CTB credit card receivables to Glacier Credit Card Trust ("GCCT"), a special purpose entity that was created to buy and finance such co-ownership interests. GCCT issues debt to third-party investors to fund its purchases of such co-ownership interests, including to Scotiabank, pursuant to note purchase facilities. CTC has determined that, from an accounting perspective, it has the ability to direct the relevant activities and returns of GCCT and has control over GCCT. As such, GCCT is consolidated for accounting purposes in the Company's financial statements. GCCT is a reporting issuer and information prepared by it may be found on SEDAR at <https://sedar.com>, which is not incorporated herein by reference.

**Foreign Operations** – CTFS Bermuda is a Bermuda based reinsurance company which is regulated by the Bermuda Monetary Authority. CTFS Bermuda reinsures the creditor insurance that is marketed by CTB as well as a closed block of warranty business. CTFS Bermuda has entered into reinsurance agreements with two insurers with significant Canadian operations that currently underwrite, or have previously underwritten, insurance products to CTC's customers. CTFS Bermuda retains established and reputable actuarial and administrative service organizations to assist in the evaluation of the portfolio's risk and management of its operations.

**Competitive Conditions** – Through its Triangle-branded and other CTC-branded credit cards, CTB was the seventh largest issuer of credit cards in Canada in 2022 based on outstanding receivables. The cards compete with other general-purpose credit cards issued by banks and other financial institutions in the highly regulated and competitive Canadian credit card market. Non-traditional entrants and newer technologies such as mobile payments are impacting the competitive landscape in the credit card industry. With the increasing number of credit cards available, consumers are looking for relationships with organizations that offer good value, exceptional service, and programs that reward them for their loyalty.



Growth of the credit card portfolio and the continued strength of the Canadian Tire brand represents a further opportunity to drive customers to the Company's retail banners. CTC-branded deposit products also compete with comparable products offered by banks and other financial institutions and are issued on terms and conditions that are competitive with such other products.

## 2.3 CT REIT Segment

CT REIT is an unincorporated, closed-end real estate investment trust formed in 2013 which owns, manages and develops income-producing commercial properties located in all ten provinces and in two territories across Canada. CT REIT focuses primarily on triple-net, long-term leases to investment grade tenants. With triple-net leases, the tenant is responsible for paying all the expenses of the property, including real estate taxes, building insurance, and maintenance. CT REIT's geographically diversified portfolio comprises stand-alone properties, primarily occupied by Canadian Tire stores, multi-tenanted properties, primarily anchored by a Canadian Tire store and/or stores operating under other CTC banners, industrial properties, a mixed-use commercial property, and development properties. The principal objective of CT REIT, as a real estate investment trust investing primarily in net lease assets, is to create unitholder value over the long-term by generating reliable, durable and growing monthly cash distributions on a tax-efficient basis. CT REIT's trust units are listed for trading on the TSX under the trading symbol "CRT.UN". As at December 31, 2022, CTC held a 68.7% effective interest in CT REIT.

**Overview of the Property Portfolio** – As at December 31, 2022, CT REIT's portfolio was comprised of 373 properties. The portfolio primarily consists of net leased assets and is made up of 365 retail properties, four industrial properties, one mixed-use commercial property (which includes CTC's head office) and three development properties. Together, the retail properties, industrial properties and mixed-use commercial property contain approximately 30.1 million square feet of gross leasable area ("GLA") (excluding properties under development). The retail properties are made up of 289 single tenant retail properties (262 of which are Canadian Tire single tenant properties and 27 of which are other single tenant properties), 68 multi-tenant properties anchored by a Canadian Tire store (four of which are enclosed shopping centres) and eight multi-tenant properties not anchored by a Canadian Tire store (one of which is an enclosed shopping centre). The 330 Canadian Tire stores owned by CT REIT range in size from 12,000 square feet of GLA to 198,000 square feet of GLA. CTC is CT REIT's most significant tenant with Canadian Tire stores, stores operated under other CTC retail banners, CTC's head office and CTC industrial properties representing approximately 92.3% of CT REIT's total GLA and 91.4% of its annualized base minimum rent.

CT REIT's properties are well located within their respective markets and have stable characteristics, which include high occupancy, staggered lease maturities and strong retailing attributes, including high traffic locations, visibility, frontage, signage and parking. The properties are generally located in commercial areas and are often co-located with, or located in close proximity to, supermarkets and other large-scale retailers, which serve to attract high volumes of customers.

**Competitive Conditions** – CT REIT competes with other investors, managers and owners of properties for the purchase of desirable real estate properties to lease or develop, and for stable investment grade tenants. Competition for real estate assets is primarily based on financial and other resources as well as operating flexibility. To compete for tenants, real estate entities typically differentiate themselves by location, age and condition of building, operational efficiency and the ability of the owner to provide adequate maintenance at competitive costs. While certain competitors may have greater financial and other resources and/or greater operating flexibility than CT REIT, it has the advantage of having and maintaining an established relationship with its most significant anchor tenant, CTC. CT REIT also relies on its sites, which are generally well-located with favourable retailing attributes, and on a strong balance sheet in order to compete in the Canadian real estate sector.

The Company is considered a "promoter" of CT REIT within the meaning of applicable Canadian securities legislation. Additional information about CT REIT's business can be found under section 2 entitled "Description of the Business" and section 3 entitled "General Development of the Business" of CT REIT's 2022 Annual Information Form available on SEDAR at <https://sedar.com> and on CT REIT's website at <https://www.ctreit.com>, which is not incorporated herein by reference.

## 2.4 Intangible Properties

All intellectual property and associated rights, which include trademarks, industrial designs, patents, technical know-how, confidential information and copyright associated with CTC and its owned brands, as well as the trademarks relating to CTC's subsidiaries and banners, including Canadian Tire, Financial Services, Petroleum, PartSource, SportChek, Mark's, Helly Hansen and Party City, are considered to be important assets of CTC and are enforced vigorously where appropriate. The Company's trademarks have expiry dates ranging from 2023 to 2038 with further renewals at the Company's election and discretion. CTC licenses the use of certain of its trademarks to Canadian Tire Services Limited, CT REIT, CTB and certain other entities. The Company's industrial designs and patents have expiry dates ranging from 2025 to 2037. Protection of the Company's intellectual property is a high priority and CTC has established procedures to protect and enforce intellectual property that is material to its business.

CTC has agreements in place with the Canadian Olympic Committee and a number of Canadian sports organizations that permit CTC and its affiliates to use the Canadian Olympic Committee, Canadian Olympic Team and sports organization trademarks in connection with marketing, advertising and promotional activities. CTB also has an agreement with MasterCard International Incorporated that permits CTB to use the MasterCard trademark in connection with the MasterCard credit cards that CTB issues.

## 2.5 Economic Dependence

There are no contracts upon which CTC's business is substantially dependent. CTC has entered into a standard form contract with each of its 487 Dealers, each of which generally expires on December 31, 2029, unless terminated earlier in accordance with terms of the contract. CTC routinely engages in discussions with the Dealers on amendments to the standard form contract to reflect changing business conditions and other matters affecting the relationship with the Dealers. CTC is not dependent upon any one of these contracts with any Dealer. For information concerning CTC's relationship with its Dealers, see section 2.1 entitled "Retail Segment – Canadian Tire Retail – Canadian Tire Dealers".

## 2.6 Risk Factors

**Enterprise Risk Management Framework** – CTC recognizes that risk-taking is an integral part of conducting business, enabling CTC to achieve its strategic objectives and business goals. Balanced risk-taking and effective risk management create valuable business returns and shareholder value, market opportunities and competitive advantages, which support profitable growth. The effective management of risk within CTC is a key priority for the Board and senior management and, to this end, CTC has adopted an Enterprise Risk Management Framework ("ERM Framework") for identifying, assessing, monitoring, mitigating and reporting key risks.

The ERM Framework is designed to:

- Safeguard CTC's brand and reputation;
- Support the achievement of CTC's strategic objectives, including financial aspirations;
- Preserve and enhance shareholder value; and
- Support business planning and operations by providing a cross-functional perspective to risk management integrated with strategic planning and reporting processes across all lines of business.

**Risk Governance** – The foundation of CTC's ERM Framework is a governance approach that includes a committee structure and a comprehensive set of policies approved by the Board. The key elements of risk governance are the Board and the Chief Executive Officer ("CEO"), supported by senior management and the Enterprise Risk Committee ("ERC"), and the three lines of defence operating model. Clearly defined roles and responsibilities, coupled with timely monitoring and reporting, assist in supporting a strong risk culture and effective governance of risk.

Fundamental to risk governance at CTC is the ERC, which provides direct oversight of all key and emerging risks faced by CTC. Specifically, the ERC assists the CEO in discharging his responsibilities with respect to managing strategies in alignment with CTC's risk appetite, recommending various risk-related policies for the Board's approval and evaluating the effectiveness of CTC's processes and controls that aim to mitigate risk and support the strategic objectives.

CTC monitors its risk exposures to assess that its business activities are operating within approved limits, strategies and risk appetite. Exceptions, if any, are reviewed by the ERC and reported to the CEO, the Audit Committee and the Board, as appropriate.

**Key Risks** – CTC regularly monitors its businesses to identify and assess key risks that alone, or in combination with other interrelated risks, could have a significant adverse impact on the Company's brand, financial position, and/or ability to achieve its strategic objectives. CTC's risks are generally categorized as strategic, financial or operational; however, certain risks can have an impact across all three categories. The mitigation and management of risk is approached holistically with a view to ensuring all risk exposures are considered. Although the Company believes the measures taken to mitigate risks are reasonable, there can be no assurance that they will effectively mitigate all risks that may have a negative impact on the Company's financial performance, brand and/or ability to achieve its strategic objectives. In addition, there are numerous other risk factors that are difficult to predict and could adversely impact CTC's financial results, plans and objectives.

The ongoing COVID-19 pandemic has had a significant impact on global economic activity since March 2020. The duration and long-term adverse effects of the pandemic on CTC remain uncertain. The Company has implemented a number of comprehensive and evolving operational and risk management strategies to support its businesses and protect the health and well-being of its employees and customers.

Information concerning the risks that have the most potential to impact CTC's businesses and the related risk management strategies are described in section 11.0 entitled "Key Risks and Risk Management" of CTC's Annual MD&A.

In addition, the Company has identified specific operating risks relating to each of its reportable segments that have the potential to affect CTC's operating performance. Such risks are described in section 11.2 entitled "Business Segment Risks" of CTC's Annual MD&A.

CTC cautions that the discussion of risks, including those risks described in CTC's Annual MD&A is not exhaustive. When considering whether to purchase or sell securities of CTC, investors and others should carefully consider these factors as well as other uncertainties, potential events and industry specific factors that may adversely impact CTC's future performance.

## 2.7 Employees

As at the end of fiscal 2022, the number of full-time and part-time employees of CTC was as follows:

	Full-Time Employees*	Part-Time Employees*
CTC – Corporate Centre	2,237	18
Canadian Tire Retail	4,618	1,659
Financial Services	1,460	240
SportChek	3,000	13,102
Mark's	1,504	5,557
Helly Hansen	933	228
Petroleum	50	-
Total	13,802	20,804

\* The foregoing figures do not include employees of Dealers, SportChek franchisees, Mark's franchisees, Petroleum retailers and Party City stores. As at December 31, 2022, CT REIT had 59 employees.

CTC employs highly qualified individuals specializing in areas such as merchandising, marketing, branding, customer insights, supply chain and retail leadership to drive and sustain its core retail business. CTC continues to acquire talent to support future growth in key areas such as technology, digital and data analytics. CTC's strong in-house real estate management team manages the entire network of owned and leased properties for CTC and provides CT REIT with certain property management services pursuant to a property management agreement. Financial Services also employs highly qualified individuals in credit risk management.

Expertise is gained through internal training and development programs, including the Triangle Learning Academy, industry insights, and development experiences. Through the Triangle Learning Academy, employees are able to accelerate their learning and development and gain expertise through curated content on various subjects. Teachings are developed around core business capabilities and leadership principles grounded in CTC's core values and are offered through digital and hands-on experiences.

## **2.8 Environmental, Social and Governance Matters**

CTC's brand purpose, *We Are Here to Make Life in Canada Better*, guides all actions related to the Company's business strategy, including CTC's position and strategy in relation to environmental, social and governance ("ESG") topics that matter most to its stakeholders. CTC has integrated ESG directly into its enterprise strategy as it is critical to fulfilling the Company's brand purpose, achieving its financial aspirations, and improving environmental and social outcomes for Canadians.

### **ESG Governance**

At the Board, oversight of CTC's ESG strategy and risk management is the responsibility of the Brand and Corporate Responsibility Committee, which coordinates with the Audit Committee, Management Resources and Compensation Committee and Governance Committee of the Board. The Brand and Corporate Responsibility Committee's ESG responsibilities include, but are not limited to:

- monitoring emerging trends, risks, issues and regulations in relation to ESG topics;
- reviewing and approving management's ESG objectives and strategies;
- monitoring the Company's progress towards achieving its ESG targets, goals and commitments; and
- approving the Company's ESG reporting.

CTC's leaders develop and implement strategies relevant to their businesses and areas of expertise, aligned to the Company's overall ESG strategy. Executive oversight of these efforts is the responsibility of the Executive ESG Council, which is made up of cross-functional CTC leaders. The Executive ESG Council's accountabilities include approval of the overall ESG strategy and related initiatives, monitoring performance and progress of such initiatives, and review and oversight of external ESG reporting.

The Company's management of risks to its brand, including with respect to ESG matters, is supported by its policy framework and its crisis management capabilities. The Company has in place policies and operating directives to address issues of importance to its stakeholders, including with respect to ethical conduct, health and safety, the environment, product safety, privacy, cybersecurity and other matters. Each such policy sets out accountabilities for managing compliance as well as escalation and other procedures.

## ESG Reporting

In 2022, CTC published its inaugural ESG Report, which outlines its approach to ESG topics and focuses on those that the Company has identified as being most relevant to the enterprise and its stakeholders. The report is segmented into four pillars – People and Community, Environment, Responsible Sourcing, and Governance – and addresses the following 12 priority ESG topics, including related aspirations, commitments, strategies and activities, as applicable:

<b>People &amp; Community</b>	<b>Environment</b>	<b>Responsible Sourcing</b>	<b>Governance</b>
Community Impact	Climate Change	Sustainable Supply Chain Management	Business Ethics
Diversity, Inclusion & Belonging	Circularity: Operational Waste	Human Rights & Social Responsibility	Corporate Governance & Risk Management
Talent & Culture	Circularity: Packaging & Product Waste	Product Safety & Quality	Privacy & Data Security

The Company's ESG Report, which includes a Climate Data Supplement, is available at <https://corp.canadiantire.ca/Environmental-Social-Governance>, which is not incorporated by reference herein.

## 3 General Development of the Business

### 3.1 2022 General Development of the Business

#### **2022 Corporate and Business Developments**

- Canadian Tire celebrated its 100th anniversary and 100 years of making life in Canada better. Starting from a single garage established by A.J. and J.W. Billes in 1922, CTC has grown to one of the country's most recognized brands and group of companies, ensuring Canadians have access to the products, services and support they need for life in Canada. The milestone was marked with events and retrospectives throughout 2022 on the significant role Canadian Tire plays in the lives of Canadians.
- At the Company's Investor Day held on March 10, 2022, the Company announced its *Better Connected* strategy and a multi-year, multi-billion dollar investment plan which aims to enhance the omnichannel customer experience, strengthen the Company's supply chain fulfillment infrastructure and automation, modernize its IT infrastructure and drive efficiency in how the Company operates. In conjunction with the announcement of its strategy, the Company also announced long-term financial aspirations. Additional information is contained in section 2 of this Annual Information Form entitled "Description of the Business – CTC Brand Purpose and Strategy" and section 4.0 entitled "Strategy and Four-Year (2022 to 2025) Financial Aspirations" of CTC's Annual MD&A.
- J. Michael Owens was appointed Chairman of the Board, effective May 13, 2022, succeeding Maureen Sabia. A Fellow of the Chartered Professional Accountants and former partner with Deloitte Canada, Mr. Owens joined the Board of Directors in 2020.
- The Company's Operational Efficiency program, an enterprise-wide initiative to eliminate duplicate systems and processes, drive enterprise-wide efficiencies and target internal and external expense reduction, originally announced in 2019, achieved an additional \$100 million of annualized run-rate savings, for a total of \$300+ million.
- The Company published its inaugural ESG Report which outlines its approach to ESG and focuses on those ESG topics that the Company has identified as being most relevant to the enterprise and its stakeholders. The Company also announced a new target to reduce its Scope 1 and Scope 2 greenhouse gas emissions, which include its Dealer-operated Canadian Tire stores, by 40% by 2030

relative to a 2020 baseline. The report is available at <https://corp.canadiantire.ca/Environmental-Social-Governance>, which is not incorporated by reference herein.

- The Company launched Roller Labs Ventures, an innovation program allowing CTC to invest in primarily Canadian start-up and early stage companies. Investments in these companies presents an opportunity for CTC to bring digital improvements to its business and accelerate its strategic capabilities in areas such as customer insights and experience, product innovation and operational efficiency.
- Kevin Salsberg was appointed President and CEO of CT REIT, effective June 1, 2022, succeeding Ken Silver as CEO. Mr. Salsberg previously served as President and Chief Operating Officer of CT REIT.
- CT REIT completed seven acquisitions, two developments, one re-development and 16 intensifications. The total spend in 2022 on these projects, together with amounts incurred in connection with ongoing developments, was approximately \$258 million.

### ***2022 Finance Developments***

- The Company increased its annual dividend for the 13th consecutive year, to \$6.90 per share, representing a cumulative quarterly dividend increase of 33% from the previous year as a result of dividend increases approved on May 12, 2022 and November 9, 2022.
- The Company completed the repurchase of \$400 million of its Class A Non-Voting Shares, in excess of the amount required for anti-dilutive purposes (the “2021-22 Share Repurchase Intention”).
- The Company announced its intention to repurchase between \$500 million and \$700 million of its Class A Non-Voting Shares, in excess of the amount required for anti-dilutive purposes, by the end of fiscal 2023 (the “2022-23 Share Repurchase Intention”), subject to regulatory approval of the renewal of the Company’s normal course issuer bid (“NCIB”).
- CT REIT issued \$250 million of senior unsecured debentures, with a coupon rate of 3.029%, due February 5, 2029 (Series H). The net proceeds were partially used for the early redemption of \$150 million of CT REIT’s senior unsecured debentures, with a coupon rate of 2.852%, that were due on June 9, 2022 (Series A).

## **3.2 2021 General Development of the Business**

### ***2021 Corporate and Business Developments***

- The Company achieved its previously announced Operational Efficiency program annualized run-rate savings target of \$200+ million ahead of schedule in the third quarter. The Company also announced that it had increased its Operational Efficiency target by \$100 million to \$300+ million to be achieved by the end of 2022.
- The Company launched a pilot of Triangle Select, a premium subscription program that offers a suite of accelerated rewards, experiences, and value-driven benefits which complement the Triangle Rewards program and credit card offerings.
- The Company successfully completed the transfer of Party City’s Canadian retail stores, acquired in 2019, to a number of its Dealers. The Company also launched the Party City assortment nationwide to Canadian Tire stores and integrated Party City into its Triangle Rewards program.
- CTC acquired a 25% interest in Ashcroft Terminal Ltd., which operates a 320-acre inland transload and storage terminal, in inland British Columbia, providing the Company with cross-Canadian rail access from the terminal in support of its supply chain operations.

- CT REIT completed seven acquisitions and nine intensifications. The total spend in 2021 on these projects, together with amounts incurred in connection with ongoing developments, was approximately \$128 million.

### ***2021 Finance Developments***

- The Company increased its annual dividend for the 12th consecutive year, to \$5.20 per share, representing an increase of 11% from the previous year.
- The Company announced its 2021-22 Share Repurchase Intention to repurchase up to \$400 million of its Class A Non-Voting Shares, in excess of the amount required for anti-dilutive purposes, by the end of fiscal 2022.

## **3.3 2020 General Development of the Business**

### ***2020 Corporate and Business Developments***

- Greg Hicks was appointed President and CEO of the Company, effective March 12, 2020, succeeding Stephen Wetmore. Mr. Hicks previously served as President, Canadian Tire Retail. In addition, Gregory Craig was appointed Executive Vice-President, Chief Financial Officer of the Company, effective March 2, 2020, succeeding Dean McCann. Mr. Craig previously served as President, Canadian Tire Financial Services and President and CEO, Canadian Tire Bank.
- During 2020, the COVID-19 pandemic had an impact on the Canadian and global economies and on consumer purchasing behaviours. These impacts, combined with the temporary closure of certain stores and the introduction of new safety protocols, significantly affected the Company's operations and financial performance in the year. Notable COVID-19 business developments during 2020 are highlighted below. Additional information with respect to the impact of COVID-19 on CTC's operations, customers, financial performance, liquidity and risks in 2020 is contained in section 4.0 entitled "Events that Impacted the Company this Year" and section 11.0 entitled "Key Risks and Risk Management" of CTC's MD&A for the fourth quarter and full-year ended January 2, 2021:
  - The issuance of COVID-19 related government guidelines and restrictions, as well as the Company's focus on the health and well-being of its employees, customers, Dealers and franchisees, resulted in temporary store closures (predominantly in the second and fourth quarters), reduced store hours and customer capacity limitations. The Company also introduced enhanced cleaning protocols and actions to support physical distancing in its retail banners.
  - Throughout 2020, the Company saw a significant customer shift towards online purchasing. The Company continued to serve customers during temporary store closures online, offering curbside pickup and deliver-to-home across its retail banners.
  - Between mid-March 2020 and mid-August 2020, the Company and its Dealers implemented a special support payment for all active front line employees in recognition of their commitment to serving their communities during the pandemic.
  - With the Company's support, Jumpstart launched the \$8 million Jumpstart Sport Relief Fund – a fund developed to help sport and recreation organizations deliver programming. In December 2020, CTC donated \$12 million to the Jumpstart Sport Relief Fund to provide further support of this initiative in 2021.
- CT REIT completed seven acquisitions, one development, two re-developments and seven intensifications. The total spend in 2020 on these projects, together with amounts incurred in connection with ongoing developments, was approximately \$209 million.

## 2020 Finance Developments

- The heightened uncertainty arising from COVID-19 and its impact on the economic environment and capital markets in 2020 led to an increased emphasis within the Company on liquidity and capital management:
  - During 2020, the Company took appropriate actions to ensure a strong ongoing cash position and financial flexibility, including reducing operating costs at head office and corporate stores and reducing discretionary capital expenditures and working capital requirements across the Company.
  - Prior to the onset of COVID-19, the Company purchased \$107.8 million Class A Non-Voting Shares pursuant to its 2019-20 share repurchase intention. As a result of COVID-19, the Company paused its share repurchases other than for anti-dilutive purposes.
  - The Company secured additional credit by entering into a committed bank credit facility for \$710 million with five Canadian financial institutions. The facility remained available until June 2022.
  - Given the considerable ongoing uncertainty regarding the duration and severity of COVID-19 and its impact on the economy, consumer demand, and operations, the Company withdrew its 2018-2020 financial aspirations.
- CTC repaid \$250 million unsecured medium-term notes issued in 2018 (Series E) in connection with the acquisition of Helly Hansen.
- The Company increased its annual dividend for the 11th consecutive year, to \$4.70 per share, representing an increase of 3% from the previous year.
- CT REIT issued \$150 million of senior unsecured debentures, with a coupon rate of 2.371%, due January 6, 2031 (Series G). The net proceeds were used for the early redemption of \$150 million of CT REIT's senior unsecured debentures, with a coupon rate of 2.159%, that were due on June 1, 2021 (Series C).

## 4 Capital Structure

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### 4.1 Equity Securities

The authorized capital of CTC consists of 100,000,000 Class A Non-Voting Shares and 3,423,366 Common Shares, of which 54,276,998 Class A Non-Voting Shares and 3,423,366 Common Shares were issued and outstanding as at December 31, 2022. For additional information with respect to CTC's outstanding share capital, see section 7.0 entitled "Equity" of the Annual MD&A and Note 26 entitled "Share Capital" of the notes to the Annual Financial Statements.

**Material Characteristics of Common Shares** – The holders of Common Shares of CTC are entitled to vote at all meetings of holders of Common Shares, including the election of 13 of the 16 directors to be elected at the upcoming annual meeting of shareholders and the appointment of auditors. Each Common Share carries one vote. In addition, each holder of Common Shares at any time is entitled to have all or any number of the Common Shares held by such holder converted into Class A Non-Voting Shares on the basis of one Class A Non-Voting Share for each Common Share. The foregoing is a summary of certain of the conditions attached to the Common Shares of CTC. For a full statement of such conditions, reference should be made to CTC's articles of amendment dated December 15, 1983, which are available on SEDAR at <https://sedar.com> and on the Company's website at <https://corp.canadiantire.ca>.

**Material Characteristics of Class A Non-Voting Shares** – The holders of Class A Non-Voting Shares of CTC are entitled to vote on the election of three of the 16 directors to be elected at the upcoming annual meeting of shareholders. With the exception of (i) the entitlement to vote for the election of three directors,



or, if the number of directors of CTC exceeds 17, one-fifth of the directors of CTC, calculated to the nearest whole number, (ii) the entitlement to vote in the circumstances referred to under the heading “Change in Class A Non-Voting Shares and Common Shares” below, and, (iii) as provided under applicable law, the holders of Class A Non-Voting Shares are not entitled as such to vote at any meeting of shareholders of CTC. Subject to the foregoing, each Class A Non-Voting Share carries one vote. However, the articles of CTC provide that in the event an offer to purchase Common Shares is made to all or substantially all of the holders of Common Shares or is required by applicable securities legislation or by the Toronto Stock Exchange to be made to all holders of Common Shares in Ontario (other than an offer to purchase both Class A Non-Voting Shares and Common Shares at the same price per share and on the same terms and conditions) and a majority of the Common Shares then issued and outstanding are tendered and taken up pursuant to such offer, the Class A Non-Voting Shares shall thereupon and thereafter be entitled to one vote per share at all meetings of shareholders and thereafter the Class A Non-Voting Shares shall be designated as Class A Shares.

The Common Shares and Class A Non-Voting Shares are each voted separately as a class, except in clearly defined circumstances as described above. Accordingly, aggregating the voting rights attached to the Common Shares and Class A Non-Voting Shares is not relevant to any corporate action currently contemplated. If, however, the holders of Common Shares and the holders of Class A Non-Voting Shares are entitled to vote together (rather than separately as a class), then based on the numbers of Common Shares and Class A Non-Voting Shares outstanding as at December 31, 2022, the Class A Non-Voting Shares would represent approximately 94.0% of the aggregate voting rights attached to the Common Shares and Class A Non-Voting Shares. The foregoing is a summary of certain of the conditions attached to the Class A Non-Voting Shares of CTC. For a full statement of such conditions, reference should be made to CTC's articles of amendment dated December 15, 1983, which are available on SEDAR at <https://sedar.com> and on the Company's website at <https://corp.canadiantire.ca>.

**Dividend Rights** – When fixed cumulative preferential dividends aggregating one cent per share per annum have been paid or declared and set apart for payment on all of the outstanding Class A Non-Voting Shares in respect of the current year and each preceding year and a non-cumulative dividend aggregating one cent per share per annum has been paid or declared and set apart for payment on all outstanding Common Shares in the current year, any and all additional dividends, including stock dividends or other distributions to shareholders, will be paid or declared and set apart for payment or otherwise distributed in equal amounts per share on all Class A Non-Voting Shares and all Common Shares at the time outstanding without preference or distinction or priority of one share over another. Information concerning CTC's dividend policy is set out in section 5 entitled “Dividends”.

**Rights Upon Liquidation, Dissolution or Winding-Up** – In the event of the liquidation, dissolution or winding-up of CTC, whether voluntary or involuntary, or any other distribution of assets of CTC among its shareholders for the purpose of winding-up its affairs, all of the property of CTC available for distribution to the holders of Class A Non-Voting Shares and the holders of Common Shares shall be paid or distributed equally share for share to the holders of Class A Non-Voting Shares and to the holders of Common Shares without preference or distinction or priority of one share over another.

**Change in Class A Non-Voting Shares and Common Shares** – Except as provided above, neither the Class A Non-Voting Shares nor the Common Shares shall be changed in any manner whatsoever whether by way of subdivision, consolidation, reclassification, exchange or otherwise unless contemporaneously therewith the other class of shares is changed in the same manner and in the same proportion. Also, the authorized number of Common Shares and Class A Non-Voting Shares cannot be increased without the prior approval of the holders of at least two-thirds of the shares of each such class represented and voted at a meeting of shareholders called for the purpose of considering such an increase.

## 4.2 Market for Equity Securities

The outstanding Common Shares and Class A Non-Voting Shares of CTC are listed on the Toronto Stock Exchange (“TSX”) and are traded under the symbols “CTC” and “CTC.A”, respectively. The high and low reported trading price and volumes of Common Shares and Class A Non-Voting Shares of CTC on the TSX for each month of the 2022 fiscal year were as follows:

<b>Common Shares (CTC)</b>			
	High (\$)	Low (\$)	Volume Traded
January 2022	350.00	313.00	8,659
February 2022	348.00	315.50	6,478
March 2022	367.85	312.00	12,790
April 2022	394.00	350.50	5,625
May 2022	455.00	365.00	7,604
June 2022	415.00	282.00	6,987
July 2022	319.99	250.00	7,421
August 2022	306.68	250.00	11,113
September 2022	303.90	255.00	6,317
October 2022	299.98	248.01	8,872
November 2022	299.00	235.00	12,313
December 2022	294.93	233.80	9,319

<b>Class A Non-Voting Shares (CTC.A)</b>			
	High (\$)	Low (\$)	Volume Traded
January 2022	188.03	171.94	5,830,737
February 2022	196.75	178.12	5,959,210
March 2022	194.50	170.78	7,431,256
April 2022	195.00	175.72	5,502,470
May 2022	178.98	161.17	8,633,286
June 2022	176.28	159.26	6,751,733
July 2022	173.46	159.15	7,291,257
August 2022	172.85	154.19	8,148,874
September 2022	164.58	145.20	7,480,441
October 2022	155.40	143.29	6,029,745
November 2022	157.41	143.18	10,696,779
December 2022	155.96	139.24	6,549,534

### 4.3 Normal Course Issuer Bid

Each year, the Company files an NCIB with the TSX which allows it to purchase its Class A Non-Voting Shares in the open market to effect its share repurchase intentions and its anti-dilutive policy.

CTC's current NCIB commenced on March 2, 2022, and is in effect until March 1, 2023 (the "2022-23 NCIB"). Under the 2022-23 NCIB, the Company has the ability to purchase up to 5.3 million Class A Non-Voting Shares by means of open market transactions through the facilities of the TSX and/or alternative trading systems at the market price of the Class A Non-Voting Shares at the time of purchase or as otherwise permitted under the rules of the TSX or securities regulatory authorities. Class A Non-Voting Shares acquired by CTC pursuant to the NCIB are restored to the status of authorized but unissued shares.

Further information concerning the Company's 2022-23 NCIB, including the 2022-23 Share Repurchase Intention, is located in section 7.0 entitled "Equity" of the Annual MD&A.

### 4.4 Debt Securities

#### *Medium Term Notes*

CTC has issued various series of medium-term notes and each series is governed by a trust indenture ("Trust Indenture"). The medium-term notes are subject to certain covenants, are unsecured obligations of CTC and rank equally and pari passu with all other existing and future unsecured and unsubordinated indebtedness of CTC. Pursuant and subject to the terms of its Trust Indentures, CTC may redeem, in whole or in part, medium-term notes with original terms to maturity greater than two years. In addition, in the event of a change of control, CTC must make an offer to repurchase the medium-term notes maturing in 2023, 2028 and 2034. Further information concerning the Company's medium-term notes is located in section 6.5 entitled "Liquidity and Financing" of the Annual MD&A.

#### *U.S Commercial Paper Program*

The Company has established a commercial paper program that allows it to issue short-term promissory notes in the United States. Terms to maturity for the promissory notes range from one to 270 days. Notes are issued at a discount and rank equally in right of payment with all other present and future unsecured and unsubordinated obligations to creditors of the Company. Further information concerning the Company's U.S. commercial paper program is located in section 6.5 entitled "Liquidity and Financing" of the Annual MD&A.

## 5 Dividends

Dividends are declared at the discretion of the Board of Directors of CTC after consideration of earnings available for dividends, financial requirements and other conditions prevailing from time to time.

CTC declared and paid the following annual dividends per share on its Common Shares and Class A Non-Voting Shares in each of the last three years:

Year	Annual Dividends Declared*	Annual Dividends Paid*
2020	\$4.5875	\$4.5500
2021	\$4.8250	\$4.7000
2022	\$6.2750	\$5.8500

\* Dividends are paid in the next quarterly period that follows the date such dividends are declared.

In November 2022, the Company increased its annual dividend for the 13<sup>th</sup> consecutive year, to \$6.90 per share, representing a cumulative quarterly dividend increase of 33% from the previous year as a result of dividend increases approved on May 12, 2022 and November 9, 2022. The next quarterly dividend of \$1.725 will be paid on March 1, 2023.

Detailed information on dividends declared and paid by the Company is available on the Company's website at <https://corp.canadiantire.ca/investors/shareholders/dividend-information>.

The June 4, 1993 Trust Indenture pursuant to which CTC issued medium-term notes due in 2028 and 2034, contains restrictions on the ability of CTC to declare and pay dividends. The financial position of CTC is such that these restrictions do not practically limit the payment of dividends by CTC at this time. The March 14, 2005 Trust Indenture pursuant to which CTC also issued medium-term notes due in 2023 and 2035 does not contain any restrictions concerning CTC's ability to declare and pay dividends.

Information concerning the Company's long-term dividend payout ratio is located in section 7.2 entitled "Dividends" of the Annual MD&A.

Information regarding CT REIT distributions can be found under section 10 entitled "Distributions" of CT REIT's 2022 Annual Information Form, which is not incorporated herein by reference.

## 6 Security Ratings

CTC has short-term and long-term issuer ratings and ratings for its debt securities. A credit rating generally provides an indication of the risk that the borrower will not fulfill its full obligations in a timely manner with respect to both interest and principal commitments. Short-term ratings are provided by S&P Global Ratings ("S&P") and Moody's Investors Service ("Moody's"). Long-term ratings are provided by DBRS Limited ("DBRS Morningstar") and S&P.

Below is a summary of the Company's long-term and short-term issuer ratings and ratings on CTC's outstanding medium-term notes and U.S. commercial paper:

	DBRS Morningstar		S&P		Moody's	
	Rating	Trend	Rating	Outlook	Rating	Outlook
Issuer (Long-Term)	BBB	Stable	BBB	Stable	-	-
Issuer (Short-Term)	-	-	A-2	-	-	-
Medium-Term Notes	BBB	Stable	BBB	-	-	-
U.S. Commercial Paper	-	-	A-2	-	P-2	Stable

The following information relating to credit ratings is based on information made available to the public by the rating agencies.

Long-term rating categories for DBRS Morningstar and S&P range from highest credit quality (generally "AAA") to default in payment (generally "D"). Short-term rating categories range from "A-1+" (S&P), or "P-1" (Moody's), representing the highest credit quality, to "D" (S&P) and "not prime" (Moody's) for the lowest quality of securities rated.

A long-term rating of "BBB" by DBRS Morningstar is within the fourth highest of 10 long-term rating categories and is assigned to debt that is considered to be of adequate credit quality, where capacity for the payment of financial obligations is considered acceptable but the issuing entity may be vulnerable to future events. A credit rating of "BBB (low)" or higher is an investment grade rating. All rating categories other than "AAA" and "D" also contain subcategories "(high)" or "(low)" which indicates relative standing within such category. The absence of either a "(high)" or "(low)" designation indicates the rating is in the middle of the category. The assignment of a "Positive", "Stable" or "Negative" trend modifier provides guidance in respect of DBRS Morningstar's opinion regarding the outlook for the rating in question. The

rating trend indicates the direction in which DBRS Morningstar considers the rating is headed should present tendencies continue.

A long-term rating of “BBB” by S&P is within the fourth highest of 10 long-term rating categories and indicates that the obligor has adequate capacity to meet financial commitments. However, adverse economic conditions or changing circumstances are more likely to weaken the obligor’s capacity to meet its financial commitments. A credit rating of “BBB–” or higher is an investment grade rating. Ratings from “AA” to “CCC” may be modified by the addition of a plus (+) or minus (–) sign to show relative standing within the rating categories. The outlook (“Positive”, “Stable”, “Negative” or “Developing”) assesses the potential direction of a long-term credit rating over the intermediate term, which is generally up to two years for investment grade. In determining a rating outlook, consideration is given to any changes in economic and/or fundamental business conditions.

A short-term rating of “A-2” by S&P is the second highest short-term rating category and indicates that the obligor has satisfactory capacity to meet its financial commitments. However, the obligor is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligors in the highest rating category.

A short-term rating of “P-2” by Moody’s is the second highest short-term rating category and indicates the issuer has a strong ability to repay short-term debt obligations.

There is no assurance that a rating will remain in effect for any given period of time or that a rating will not be lowered, withdrawn or revised by DBRS Morningstar, S&P or Moody’s if, in their judgment, circumstances so warrant. The rating of any debt securities is not a recommendation to buy, sell or hold such securities, inasmuch as such ratings do not comment as to market price or suitability for a particular investor. In the last two years, the Company has paid fees to DBRS Morningstar, S&P and Moody’s to obtain credit ratings and expects to pay similar fees in the future pursuant to the rating agency’s services agreements.

Information regarding the credit ratings applicable to CT REIT is located under section 11 entitled “Credit Ratings” of CT REIT’s 2022 Annual Information Form which is not incorporated herein by reference.

## **7 Transfer Agents and Registrar**

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Computershare Trust Company of Canada (“Computershare”) is the registrar and transfer agent for the Common Shares and Class A Non-Voting Shares of CTC. Computershare keeps the Register of Holders and the Register of Transfers for both the Common Shares and Class A Non-Voting Shares at its principal stock transfer office in the City of Toronto (Ontario) and Branch Registers of Transfers at stock transfer offices in the cities of Montreal (Quebec), Calgary (Alberta) and Vancouver (British Columbia).

CIBC Mellon Trust Company c/o BNY Trust Company of Canada (“BNYTCC”) is the registrar and transfer agent for CTC’s medium-term notes. BNYTCC keeps the Register of Holders and the Register of Transfers for the medium-term notes at its principal office in the City of Toronto (Ontario), and Branch Registers of Transfers at its office in the city of Montreal (Quebec), except for medium-term notes issued pursuant to the Trust Indenture dated March 14, 2005, for which the Branch Register of Transfers is in the City of Toronto.

## 8 Directors and Officers

### 8.1 Members of the Board of Directors

The following table sets out the directors of CTC, including their place of residence, year first elected or appointed to the Board, and their principal occupation:

Name, Province or State and Country of Residence	Year First Elected/Appointed <sup>1</sup>	Principal Occupation <sup>2</sup>
J. Michael Owens Ontario, Canada	2020	Chairman of the Board of CTC and Corporate Director
Eric Anderson Illinois, U.S.A.	2016	Polk Bros. Chair in Retailing, Professor of Marketing at Northwestern University and Director of the Kellogg-McCormick MBAi Program
R. Jamie Anderson Ontario, Canada	2021	Corporate Director
Martha Billes Alberta, Canada	1980	President, Tire 'N' Me Pty. Ltd., an investment holding company
Owen Billes Ontario, Canada	2004	President, Sandy McTyre Retail Ltd., which operates a Canadian Tire store
David Court Ontario, Canada	2015	Corporate Director and Director Emeritus, McKinsey & Company, a management consulting firm
Mark Derbyshire Ontario, Canada	2016	Corporate Director and Independent Management Consultant
Steve Frazier Washington, U.S.A.	2021	Corporate Director and Senior Consultant
Greg Hicks Ontario, Canada	2020	President and CEO of CTC
Norman Jaskolka <sup>3</sup> Quebec, Canada	2018	CEO of Sweet Park Capital, which manages the investments of the Bensadoun family
Sylvain Leroux Quebec, Canada	2021	President, Sylvain M. Leroux Enterprises Ltd., which operates a Canadian Tire store
Donald Murray Alberta, Canada	2017	President, Donald A. Murray Holdings Ltd., which operates a Canadian Tire store
Nadir Patel Ontario, Canada	2021	Management Consultant and Corporate Director
Christine Rupp Ohio, U.S.A.	2022	Chief Customer Officer of Victoria's Secret & Co., a lingerie, clothing and beauty retailer
Sowmyanarayan Sampath New Jersey, U.S.A.	2022	CEO of Verizon Business, a telecommunications company
Cynthia Trudell Florida, U.S.A.	2019	Corporate Director

<sup>1</sup> Each director of CTC holds office until the next annual meeting of shareholders or until his or her successor is elected or appointed.

<sup>2</sup> Each director of CTC has held the position listed above or other senior management positions with the same or associated firms or organizations during the past five years, except:

(a) R. J. Anderson who, prior to October 2020, served as a Senior Advisor of RBC Capital Markets.

(b) S. Frazier who, prior to June 2020, served as a Vice-President at Amazon.com.

(c) J. M. Owens who, prior to May 2019, was a partner of Deloitte LLP.

(d) N. Patel who, prior to October 2021, served as High Commissioner for Canada to India, Ambassador of Canada to Nepal and Ambassador of Canada to Bhutan.

(e) C. Rupp who, from December 2019 to July 2022, served as Executive Vice-President and Chief Customer and Digital Officer of Albertsons Companies, Inc. and, prior to December 2019, served as General Manager, Xbox and Microsoft Store for Microsoft Corporation.

- 3 Mr. Jaskolka served on the board of directors of The Aldo Group Inc. until March 2020. The Aldo Group Inc., together with certain subsidiaries, obtained an order under the Companies' Creditor Arrangement Act effective May 2020. In July 2022, the company successfully completed its restructuring process and satisfied the court-approved plan. Similar relief was provided in other jurisdictions. Mr. Jaskolka rejoined the board of directors of The Aldo Group Inc. on January 12, 2023.

## Committees of the Board of Directors

The Board of Directors has four standing committees: the Audit Committee, the Management Resources and Compensation Committee, the Governance Committee and the Brand and Corporate Responsibility Committee.

The current members of these Committees are as follows:

Audit Committee	Management Resources and Compensation Committee	Governance Committee	Brand and Corporate Responsibility Committee
N. Patel (Chair)	C. Trudell (Chair)	N. Jaskolka (Chair)	S. Frazier (Chair)
R. J. Anderson	E. Anderson	M. Billes	O. Billes
D. Court	M. Derbyshire	J. M. Owens	D. Court
N. Jaskolka	S. Frazier	N. Patel	M. Derbyshire
S. Sampath	C. Rupp	C. Trudell	S. Leroux
			D. Murray

## Audit Committee

As noted above, the Audit Committee is comprised of Nadir Patel (Chair), R. Jamie Anderson, David Court, Norman Jaskolka and Sowmyanarayan Sampath. The education and experience of each Audit Committee member that is relevant to the performance of their responsibilities as Audit Committee members is described below:

Member	Experience
Nadir Patel, Chair	Mr. Patel is a Management Consultant and Corporate Director. He currently serves as Managing Director of Fairfax Consulting Services, Senior Strategic Advisor to Norton Rose Fulbright Canada LLP, Strategic Advisor to the President of Huron University College, and Chairman of Canadian Tire Jumpstart Charities. Prior to his current roles, Mr. Patel held several senior government positions over a distinguished career in Canada's public service. Most recently, he served as Canada's High Commissioner for the Republic of India, with concurrent accreditation as Canada's Ambassador to Nepal and Ambassador to the Kingdom of Bhutan until 2021. He also previously served as Assistant Deputy Minister and Chief Financial Officer for Canada's Department of Foreign Affairs, Trade and Development and as Canada's Consul General in Shanghai. Mr. Patel brings a wealth of experience in strategic planning, finance, human resources, risk management, IT, procurement, and international relations, and has served on the boards of several crown corporations and not-for-profit organizations. He began his career as a tax auditor at Revenue Canada (now Canada Revenue Agency), serving in progressively senior positions, and served as Chair of the Audit Committees of Cellular Biomedicine Group, the Association of Professional Executives of the Public Service of Canada, and International Development Research Centre, a crown corporation. Mr. Patel holds a joint MBA from New York University's Stern School of Business, London School of Economics and Political Science, and HEC (Paris) School of Management.
R. Jamie Anderson	Mr. Anderson is a Corporate Director. A seasoned M&A, strategy and corporate finance executive, Mr. Anderson spent the majority of his career at RBC Financial Group, having served as Senior Advisor, Global Investment Banking, RBC Capital Markets, Head of Corporate Strategy and Development of RBC, and Managing Director and Co-Head Merger and Acquisition Group and Deputy

Member	Experience
David Court	<p>Chair at RBC Capital Markets. He currently serves on the board of Mancel Corporation and as a special advisor to urbancoolab. Mr. Anderson began his career at Morgan Stanley and worked in progressively senior roles in the Corporate Finance, Interest Rate Swap and Debt Capital Market groups. He obtained his MBA from Harvard Business School.</p> <p>Mr. Court is a Corporate Director and Director Emeritus of McKinsey &amp; Company. He is a former senior partner of the Dallas office of McKinsey where he served as Global Director of Technology, Digitization and Communications. Mr. Court also led McKinsey's global practice in harnessing digital data and advanced analytics and was a member of the firm's board of directors and its global operating committee. Mr. Court serves as Chair of the advisory board for Georgian Partners, and is on the boards of Home Capital Group Inc., Brookfield Business Corporation, Public Sector Pension Investment, Plan Canada International, Women's College Hospital, Queen's University and National Geographic Ventures. He previously served on the board of directors of Brookfield Business Partners LP. Mr. Court holds an MBA from Harvard Business School where he was a Baker Scholar.</p>
Norman Jaskolka	<p>Mr. Jaskolka is CEO of Sweet Park Capital, the company that manages the investments of the Bensadoun family, including The Aldo Group, a Canadian global retailer of shoes and accessories. He serves as Chairman of The Aldo Group, and previously served as President of Aldo Group International, and Vice-President, Corporate Development and Vice-President, Information Technology of The Aldo Group. Mr. Jaskolka was a member of The Aldo Group's enterprise risk management committee, oversaw all merger and acquisition activities and also led The Aldo Group's annual budgeting process. Prior to joining The Aldo Group, he was a partner at Ernst &amp; Young where his practice focused on audit, taxation, business valuations and corporate finance. Mr. Jaskolka is also Co-Chairman of the advisory board of the Bensadoun School of Retail Management at McGill University and is a frequent lecturer and speaker on global retail strategies, having presented at the World Retail Congress and the National Retail Federation. He is a Fellow of the Order of Chartered Professional Accountants of Quebec.</p>
Sowmyanarayan Sampath	<p>Mr. Sampath is the CEO of Verizon Business, a division of Verizon Communications Inc. He has more than two decades of experience in digital transformation and critical network infrastructure on behalf of business customers, with extensive knowledge of products and their role in powering enterprise growth and global security. Since joining Verizon in 2014, Mr. Sampath has served in other senior positions, including as Chief Revenue Officer of Verizon Business, President of Global Enterprise and Chief Product Officer. Prior to joining Verizon, he spent almost a decade at the Boston Consulting Group, where he was a Partner and Global Sector Leader for the Telecom practice area focused on driving large scale, enterprise-wide transformations. He is a Chartered Accountant and holds an MBA from Boston University.</p>

Each member of the Audit Committee is financially literate within the meaning of such definition as set out in National Instrument 52-110 – *Audit Committees* of the Canadian Securities Administrators (“NI 52-110”). Each member of the Audit Committee is also independent within the meaning of NI 52-110.

The Audit Committee has established a policy under which all requests for permitted non-audit services to be provided by the auditors for CTC must be brought to the attention of the Chair of the Audit Committee before such work is commenced. The Chair is authorized to approve all such requests, but if any such service exceeds or is expected to exceed \$350,000 in fees, or the service is of a sensitive or unusual nature, the Chair must consult with the Committee before approving the service. The Chair of the Committee has the responsibility to inform the Audit Committee of all pre-approved services at its next meeting.

The Audit Committee Mandate is attached hereto as Schedule A.



## 8.2 Executive Officers

The following table sets out the executive officers of CTC, including their place of residence and principal occupation:

Name, Province and Country of Residence	Principal Occupation <sup>1</sup>
Greg Hicks Ontario, Canada	President and CEO
Gregory Craig Ontario, Canada	Executive Vice-President and Chief Financial Officer
James Christie Ontario, Canada	Executive Vice-President, CTC, Strategic Advisor and General Counsel
John Pershing Ontario, Canada	Executive Vice-President, Chief Human Resources Officer
Aayaz Pira Ontario, Canada	President, Canadian Tire Financial Services
TJ Flood Ontario, Canada	President, Canadian Tire Retail
Susan O'Brien Ontario, Canada	Chief Brand and Customer Officer

- <sup>1</sup> Each executive officer has held the position listed above or other senior management positions with CTC during the past five years, except:
- (a) J. Pershing who, prior to July 2019, served as Executive Vice President, Human Resources of Ascena Retail Group.
  - (b) A. Pira who, from December 2020 to May 2021, served as Senior Vice-President, Digital Banking & Enterprise Innovation at Canadian Imperial Bank of Commerce ("CIBC"), from September 2018 to December 2020, served as Senior Vice-President, CIBC Digital & Direct Banking and Head Simplii Financial at CIBC and, prior to September 2018, served as Senior Vice-President, CIBC Digital at CIBC.

## 8.3 Securities Held

As at December 31, 2022, the directors and executive officers of CTC, as a group, beneficially owned, directly or indirectly, or exercised control or direction over 2,101,176 Common Shares of CTC (representing approximately 61.4% of the issued and outstanding Common Shares of CTC) and 820,526 Class A Non-Voting Shares of CTC (representing approximately 1.5% of the issued and outstanding Class A Non-Voting Shares of CTC). The Common Shares held by this group include 2,101,150 Common Shares beneficially owned, controlled or directed, in aggregate, by Martha Billes and Owen Billes, through two privately held companies, Tire 'N' Me Pty. Ltd. and Albikin Management Inc.

The above figures do not include the Common Shares and Class A Non-Voting Shares held in connection with CTC's Deferred Profit Sharing Plan ("CTC DPSP"), in which CTC's executive officers have rights pursuant to a group annuity policy issued in connection with the CTC DPSP. One executive officer of CTC also serves as a member of CTC's DPSP Capital Accumulation Plan Committee (the "DPSP CAP Committee") with respect to the exercise of voting and various other rights of the Company's shares held in relation to the CTC DPSP. As at December 31, 2022, the DPSP CAP Committee exercised control or direction over 419,280 of the Common Shares of CTC (representing approximately 12.2% of the issued and outstanding Common Shares of CTC) and 422,209 of the Class A Non-Voting Shares of CTC (representing approximately 0.8% of the issued and outstanding Class A Non-Voting Shares of CTC) held in relation to the CTC DPSP.

As at December 31, 2022, the directors and executive officers of CTC, as a group, beneficially owned, directly or indirectly, or exercised control or direction over 43,800 Units of CT REIT (representing less than 0.1% of the issued and outstanding Units of CT REIT).

## 8.4 Conflicts of Interest

Other than as described below, to the best of CTC's knowledge, no director or officer of the Company or its subsidiaries has an existing or potential material conflict of interest with CTC or any entities controlled by it. Three directors are Dealers. CTC is a party to a contract with each such director pursuant to which each operates the retail business of a Canadian Tire store. The three directors who are also Dealers recuse themselves from voting on contractual arrangements between the Company and the Dealers. Mr. Craig, the Executive Vice-President and Chief Financial Officer of CTC, is a trustee of CT REIT and is subject to disclosure requirements and voting restrictions with respect to contracts and transactions between CT REIT and the Company and its affiliates.

## 9 Interests of Experts

Deloitte LLP are the auditors of CTC and are independent within the meaning of the Rules of Professional Conduct of the Chartered Professional Accountants of Ontario. The following table sets forth the aggregate fees for professional services rendered by Deloitte LLP to the Company and its subsidiaries for the fiscal years ended December 31, 2022 and January 1, 2022, respectively:

	Year Ended December 31, 2022 <sup>1</sup>	Year Ended January 1, 2022 <sup>1</sup>
Audit Fees <sup>2</sup>	\$5,305,000	\$4,688,000
Audit-Related Fees <sup>3</sup>	\$954,000	\$65,000
Tax Fees <sup>4</sup>	\$40,000	\$65,000
All Other Fees <sup>5</sup>	\$531,000	\$624,000
Total	\$6,830,000	\$5,442,000

<sup>1</sup> Fees reported in each fiscal year represent fees billed or accrued for services provided during the applicable fiscal year.

<sup>2</sup> "Audit Fees" are the aggregate fees of Deloitte LLP for audit services, including translation fees.

<sup>3</sup> "Audit-Related Fees" are the aggregate fees of Deloitte LLP for assurance and related services that were reasonably related to the performance of the audit or review of CTC's financial statements and were not reported under "Audit Fees" in the table above. The balance of fees is related to accounting advisory and due diligence on various projects. In the 2022 fiscal year, such services also included statutory audits of components not being relied on for the consolidated audit in the amount of \$531,000.

<sup>4</sup> "Tax Fees" include the aggregate fees of Deloitte LLP for professional services related to tax compliance, tax advice and tax planning. These services related primarily to tax advice in connection with foreign operations and the Canadian tax implications thereof, transfer pricing, tax compliance, and tax planning.

<sup>5</sup> "All Other Fees" are aggregate fees of Deloitte LLP for services, other than the services reported under "Audit Fees", "Audit-Related Fees" and "Tax Fees" in the table above. These services related to various consulting projects.

## 10 Legal Proceedings and Regulatory Actions

CTC and certain of its subsidiaries are party to a number of legal proceedings. CTC believes that each such proceeding constitutes a routine legal matter incidental to the business conducted by CTC. CTC cannot determine the ultimate outcome of all of the outstanding claims but believes that the ultimate disposition of the proceedings will not have a material adverse effect on its consolidated earnings, cash flow or financial position.

During 2022, (i) there were no penalties or sanctions imposed against the Company by a court relating to securities legislation or by a securities regulatory authority, (ii) there were no other penalties or sanctions imposed by a court or regulatory body against the Company that would likely be considered important to a reasonable investor in making an investment decision, and (iii) the Company did not entered into any settlement agreements before a court relating to securities legislation or with a securities regulatory authority.

## 11 Additional Information

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Additional information, including directors' and officers' remuneration, principal holders of CTC's securities and securities authorized for issuance under CTC's equity compensation plans, is contained in CTC's most recent Management Information Circular prepared in connection with the Annual Meeting of Shareholders of CTC that was held on May 12, 2022, which is available on SEDAR at <https://sedar.com>. Additional financial information is provided in the Annual Financial Statements and Annual MD&A, which are also available on SEDAR at <https://sedar.com>. Other information relating to CTC may also be obtained on SEDAR at <https://sedar.com> and on the Company's website at <https://corp.canadiantire.ca>.

## 12 Forward Looking Information

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This document contains information that may constitute forward-looking information reflecting management's current expectations relating to matters such as future financial performance and operating results of the Company. Forward-looking information provides insights regarding management's current expectations and plans, and allows investors and others to better understand the Company's anticipated financial position, results of operations and operating environment. Readers are cautioned that such information may not be appropriate for other purposes. Certain information included or incorporated by reference in this document, other than historical information, may constitute forward-looking information, including, but not limited to, information concerning management's current expectations relating to possible or assumed prospects and results, the Company's strategic goals and priorities, its actions and the results of those actions, and the economic and business outlook for the Company. Often, but not always, forward-looking information can be identified by the use of forward-looking terminology such as "may", "will", "expect", "intend", "believe", "estimate", "plan", "can", "could", "should", "would", "outlook", "forecast", "anticipate", "aspire", "foresee", "continue", "ongoing" or the negative of these terms or variations of them or similar terminology. Forward-looking information is based on the reasonable assumptions, estimates, analyses, beliefs and opinions of management made in light of its experience and perception of trends, current conditions and expected developments, as well as other factors that management believes to be relevant and reasonable at the date that such information is disclosed.

By its very nature, forward-looking information requires management to make assumptions and is subject to inherent risk factors and uncertainties, which give rise to the possibility that management's assumptions, estimates, analyses, beliefs and opinions may not be correct and that the Company's expectations and plans will not be achieved. Examples of material assumptions and management's beliefs, include, but are not limited to, the duration and impact of COVID-19 on the Company's operations, liquidity, financial condition, or results, future economic conditions and related impacts on inflation, consumer spending, interest rates, and foreign exchange rates, current and future competitive conditions and the Company's position in the competitive environment, anticipated cost savings and operational efficiencies as well as anticipated benefits from strategic and other initiatives, and the availability of sufficient liquidity. Although the Company believes that the forward-looking information in this document is based on information, assumptions and beliefs that are current, reasonable, and complete, such information is necessarily subject to a number of business, economic, competitive and other risk factors that could cause actual results to differ materially from management's expectations and plans as set forth in such forward-looking information. Some of the risk factors, many of which are beyond the Company's control and the effects of which can be difficult to predict, but may cause actual results to differ from the results expressed by the forward-looking information, include: (a) credit, market, currency, operational, liquidity and funding risks, including changes in economic conditions, interest rates or tax rates; (b) the ability of the Company to attract and retain high-quality executives and employees for all of its businesses, Dealers, Petroleum retailers, and Mark's and SportChek franchisees, as well as the Company's financial arrangements with such parties; (c) the growth of certain business categories and market segments and the willingness of customers to shop at its stores or acquire the Company's owned brands or its financial products and services; (d) the Company's margins and sales and those of its competitors; (e) the changing consumer preferences and expectations relating to eCommerce, online retailing and the introduction of new technologies; (f) geopolitical risks (including the Russia-Ukraine conflict), and other developments including changes relating to or affecting economic or

trade matters as well as the outbreak of contagions or pandemic diseases; (g) risks and uncertainties relating to information management, technology, cyber threats, property management and development, environmental liabilities, supply-chain management, product safety, competition, seasonality, weather patterns, climate change, commodity prices and business continuity; (h) the Company's relationships with its Dealers, franchisees, suppliers, manufacturers, partners and other third parties; (i) changes in laws, rules, regulations and policies applicable to the Company's business; (j) the risk of damage to the Company's reputation and brand; (k) the cost of store network expansion and retrofits; (l) the Company's capital structure, funding strategy, cost management program, and share price; (m) the Company's ability to obtain all necessary regulatory approvals; (n) the Company's ability to complete any proposed acquisition; and (o) the Company's ability to realize the anticipated benefits or synergies from its acquisitions and investments.

For more information on the material risk factors and uncertainties and the material factors and assumptions applied in preparing the forward-looking information that could cause the Company's actual results to differ materially from predictions, forecasts, projections, expectations or conclusions, refer to section 11.0 entitled "Key Risks and Risk Management" and all subsections thereunder in the Annual MD&A. For more information, also refer to the Company's other public filings, available on SEDAR at <https://sedar.com>.

The Company cautions that the foregoing list of important risk factors and assumptions is not exhaustive and other factors could also adversely affect the Company's results. Investors and other readers are urged to consider the foregoing risks, uncertainties, factors and assumptions carefully in evaluating the forward-looking information and are cautioned not to place undue reliance on such forward-looking information. The forward-looking information contained herein is based on certain factors and assumptions as of the date hereof and does not take into account the effect that transactions or non-recurring or other special items announced or occurring after the information has been disclosed have on the Company's business. The Company does not undertake to update any forward-looking information, whether written or oral, that may be made from time to time by it or on its behalf, to reflect new information, future events or otherwise, except as is required by applicable securities laws.

Information contained in or otherwise accessible through the websites referenced in this Annual Information Form (other than documents explicitly incorporated by reference herein and available through <https://sedar.com>) do not form part of this Annual Information Form and are not incorporated by reference. All references to such websites are inactive textual references and are for information only.

**SCHEDULE A**  
**CANADIAN TIRE CORPORATION, LIMITED**  
**AUDIT COMMITTEE MANDATE**

**1. Purpose of the Committee**

The Board of Directors (the “Board”) of Canadian Tire Corporation, Limited (the “Corporation”) has established the Audit Committee (the “Committee”) to assist the Board with its oversight responsibilities with respect to:

- (i) the integrity of the financial statements and related disclosures;
- (ii) compliance with legal, regulatory and other requirements relating to the Corporation’s financial statements and disclosures;
- (iii) management’s responsibility for assessing and reporting on the effectiveness of internal control over financial reporting and disclosure controls and procedures;
- (iv) the qualifications, independence and appointment of the external auditors;
- (v) the performance of the external auditors and Internal Audit Services;
- (vi) the Corporation’s enterprise risk management processes; and
- (vii) such other matters as delegated by the Board.

**2. Responsibilities of the Committee**

The Committee shall perform the functions customarily performed by audit committees and any other functions delegated by the Board. These will include the following:

**(a) Financial Reporting**

Review and discuss with management and the external auditors:

- (i) major issues regarding the appropriateness of the Corporation’s accounting policies, principles, and financial statement presentation and disclosures and any significant changes;
- (ii) key estimates, judgments and reserves, including key changes and variations;
- (iii) the effect of regulatory and accounting developments on financial statement presentation and reporting;
- (iv) the annual and interim financial statements, having regard for whether such statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”);
- (v) the annual and interim Management’s Discussion and Analysis (“MD&A”);
- (vi) earnings press releases;
- (vii) whether taken together, the financial statements and MD&A constitute a fair presentation of the Corporation’s financial position and performance and if appropriate, recommend the financial statements, MD&A and earnings press release to the Board for approval; and

- (viii) the external auditors' report on the annual financial statements and their review of the interim financial statements, as well as any issues raised and management's responses.

**(b) Other Financial Information**

- (i) review any other news releases and investor presentations containing previously undisclosed material financial information or forward-looking financial information, and report thereon to the Board. Where Board or Audit Committee review is impractical prior to release, authority to review and approve such news releases may be exercised by the Chairman of the Audit Committee and the Chairman of the Board, acting together;
- (ii) review any material financial information, including financial statements, contained in any prospectus or other offering or publicly filed disclosure documents and report thereon to the Board; and
- (iii) review the Annual Information Form of the Corporation, and, if appropriate, recommend to the Board for approval.

**(c) Oversight of Internal Control over Financial Reporting and Disclosure Controls and Procedures**

- (i) review regular reports from management, Internal Audit Services and the external auditors, in order to be satisfied that the Corporation has designed and maintains an effective system of internal control over financial reporting ("ICFR") that provides reasonable assurance over the reliability of financial reporting, with such reports to include any indication of fraud and any corresponding corrective activity undertaken;
- (ii) review regular reports from management, Internal Audit Services and the external auditors, in order to be satisfied that the Corporation has designed and maintains an effective system of disclosure controls and procedures ("DC&P") that provides reasonable assurance that information required to be disclosed by the Corporation is recorded, processed, summarized and reported appropriately;
- (iii) review and discuss with the CEO and the CFO the process for the certifications to be provided in the Corporation's public disclosure documents and the basis for the CEO and CFO's conclusions; and
- (iv) annually assess that adequate procedures are in place for the review of the disclosure of financial information extracted or derived from the Corporation's financial statements to ensure that such information is fairly presented.

**(d) Oversight of Risk Management**

Enterprise Risk

- (i) oversee the Corporation's enterprise risk management processes for identifying, assessing, mitigating and, where required, reporting on key and emerging risk exposures;
- (ii) review and recommend to the Board for approval the Corporation's Enterprise Risk Management Policy, including the Enterprise Risk Management Framework and Risk Appetite Statement;

Key Risks

- (iii) review enterprise risk management reports and discuss with the Chief Risk Officer and other management all key enterprise risk exposures including emerging risks (with the exception of risks for which the Management Resources and Compensation Committee and the Brand

and Community Committee have been delegated responsibility by the Board) and the steps management has taken to monitor, control and mitigate those exposures;

- (iv) at least annually, report to the Board on the key risk exposures and any major issues arising from the management of these risks;

#### Financial and Credit Risk

- (v) review and discuss the Corporation's significant financial and credit risk exposures and the steps that management has taken to monitor, control and report such risks;

#### Cyber, Information Security and Data Protection Risk

- (vi) review and discuss the Corporation's cyber, information security and data protection risk exposures and the steps that management has taken to monitor, control and report such risks;

#### Other Risk Reports

- (vii) review and discuss the Corporation's legal risk exposures and the steps that management has taken to monitor, control and report such risks;
- (viii) review other reports from management in connection with any other risk related matters or policies, oversight of which has been delegated to the Committee;

#### Changes to Risk Policies

- (ix) review and recommend to the Board for approval proposed changes to all risk-related Board policies, oversight of which has been delegated to the Committee, including the Cyber Risk Management Policy, the Financial Risk Management Board Policy and the Legal Risk Management Board Policy;

#### Ethical Business Conduct

- (x) review regular reports from management pursuant to the Ethical Business Conduct Policy (including with respect to the Code of Conduct and Supplier Code of Conduct), including an annual review of the process for monitoring compliance with and communication of the Code of Conduct to the Corporation's employees and directors and gain reasonable assurance that such process is operating effectively;
- (xi) review and recommend to the Board for approval proposed changes to the Ethical Business Conduct Policy, Code of Conduct and Supplier Code of Conduct;
- (xii) consider, and if appropriate, grant waivers of compliance to the Code of Conduct for the benefit of any executive officer;
- (xiii) periodically monitor the Corporation's procedures for (A) the confidential receipt, retention and treatment of complaints received by the Corporation with respect to the Corporation's accounting, internal accounting controls, or auditing matters, and (B) the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters, and require that all such matters be reported to the Committee together with a description of the resolution of the complaints or concerns; and

#### Insurance

- (xiv) review the adequacy of insurance coverages maintained by the Corporation and approve new insurance coverage and renewals thereof, as applicable.

**(e) Legal Matters, including Tax and Litigation**

- (i) regularly review with management any litigation matters, claims or other contingencies, including tax assessments, that could have a material effect upon the financial position or operating results of the Corporation, and the manner in which these matters have been disclosed in the financial statements;
- (ii) discuss with the General Counsel any issues with the Corporation's compliance with laws and regulations having a material impact on the Corporation's financial statements and financial condition;
- (iii) review with management inquiries received from regulators or governmental agencies or published reports that raise issues regarding the Corporation's financial statements, continuous disclosure or accounting policies;
- (iv) review with management the status of material tax matters for the Corporation and its subsidiaries;
- (v) receive an annual confirmation from the General Counsel with respect to the filing of all material corporate and securities filings required to be made by the Corporation and its subsidiaries; and
- (vi) receive an annual confirmation from the Chief Financial Officer (A) with respect to the filing of material income and sales tax returns by the Corporation and its subsidiaries and the payment of amounts owing in a timely manner and (B) that withheld employee source deductions have been remitted in a timely manner by the Corporation and its subsidiaries.

**(f) External Auditors**

- (i) recommend to the Board the nomination of the external auditors;
- (ii) approve the terms of engagement of the external auditors and, subject to the approval of the shareholders authorizing the Board to do so, recommend to the Board for approval the remuneration to be paid by the Corporation to the external auditors with respect to the conduct of the annual audit;
- (iii) if necessary, recommend the removal by the shareholders of the current external auditors and replacement with new external auditors;
- (iv) review the performance of the external auditors annually or more frequently as required;
- (v) augment the annual performance assessment of the external auditors by performing a comprehensive review of such auditors every five years or more frequently as required, resulting in a recommendation to either retain or replace the external auditors;
- (vi) receive a letter annually from the external auditors with respect to their independence, such letter to include disclosure of all engagements (and fees related thereto) for non-audit services by the Corporation;
- (vii) establish and maintain a policy with respect to the hiring of partners, employees and former partners and employees of the current and former external auditors;
- (viii) review material written communications between the external auditors and management (including management representation letters);



- (ix) as required, review the timing and the process for implementing the rotation of the lead audit partner and any other audit engagement team partner and confirm their selection;
- (x) review with the external auditors the scope of the audit, the areas of special emphasis to be addressed in the audit, the extent to which the external audit can be coordinated with Internal Audit Services' activities and the materiality levels which the external auditors propose to employ;
- (xi) meet regularly with the external auditors in the absence of management to discuss any restrictions that may have been placed on the scope and extent of the audit examinations by the external auditors or the reporting of their findings to the Committee;
- (xii) establish effective communication processes with management and the external auditors to assist the Committee to monitor objectively the quality and effectiveness of the relationship among the external auditors, management and the Committee;
- (xiii) oversee the work of the external auditors, including the resolution of disagreements between management and the external auditors with respect to financial reporting; and
- (xiv) receive, at least annually, an oral and/or written report from the external auditors describing their internal quality assurance policies and procedures as well as any material issues raised in the most recent internal quality assurance reviews, quality reviews conducted by the Canadian Public Accountability Board, or any inquiry or investigation conducted by government or regulatory authorities.

**(g) Internal Audit Services**

- (i) review and approve the mandate, reporting relationship and resources of Internal Audit Services to determine its independence and that it has sufficient resources and qualified personnel to carry out its mandate;
- (ii) confirm with the head of Internal Audit Services that he or she is aware of his or her obligation to report directly to the Committee on matters affecting the Committee's duties, irrespective of his or her other reporting relationships;
- (iii) review and approve the annual plan of Internal Audit Services, including the planned scope of its activities, objectives, budget and resources to meet those objectives;
- (iv) review Internal Audit Services' reports with respect to those controls that mitigate strategic, financial and operational risks and any other matters appropriate to the Committee's duties and, where appropriate, review the adequacy and appropriateness of management's response, including the implementation thereof;
- (v) approve the appointment, replacement, reassignment or dismissal of the head of Internal Audit Services, and annually review the terms of his or her compensation; and
- (vi) meet regularly with the head of Internal Audit Services in the absence of management and the external auditors to understand, *inter alia*, any restrictions that may have been placed on them or other difficulties encountered in the course of their work including instructions on the scope of their work and access to requested information and the level of co-operation received from management during the performance of their work.

**(h) Other Key Responsibilities**

- (i) except with respect to transactions with Directors who are Associate Dealers of the Corporation occurring in the ordinary course in their capacity as Associate Dealers, review all proposed related party transactions that are not in the ordinary course and are not dealt

with by a special committee of independent Directors pursuant to securities law rules and, if appropriate, recommend to the Board for approval;

- (ii) review annually the discretionary expenses of the Chairman of the Board and the Chief Executive Officer for the purpose of gaining assurance as to the appropriateness of such expenses and the presence of any unusual items;
- (iii) periodically review and, where appropriate, recommend to the Board for approval changes to other policies of which oversight has been delegated to the Committee, including the Financial Reporting Board Policy;
- (iv) after consultation with the Chief Financial Officer and the external auditors, gain reasonable assurance, at least annually, of the quality and sufficiency of the Corporation's accounting and financial personnel and other resources, including consultants and systems;
- (v) review in advance the appointment of the Corporation's Chief Financial Officer and the Treasurer of the Corporation;
- (vi) in consultation with management and the external auditors, schedule continuing education opportunities related to the Committee's responsibilities;
- (vii) annually review and approve a report of the Committee's activities for inclusion in the Corporation's management information circular; and
- (viii) perform such other responsibilities and duties that are delegated by the Board to the Committee.

### **3. Pre-Approval of Non-Audit Services**

The Committee shall establish and maintain a policy under which all requests for permitted non-audit services to be provided by the external auditors for the Corporation and its subsidiaries shall be brought to the attention of the Chairman of the Committee before such work is commenced. The Chairman is authorized to approve all such requests, but if any such service exceeds or is expected to exceed \$350,000 in fees, or the service is of a sensitive or unusual nature, the Chairman shall consult with the Committee before approving the service. The Chairman has the responsibility to inform the Committee of all pre-approved services at its next meeting.

### **4. Composition of the Committee**

- (a) The Committee shall be comprised of at least five Directors, each of whom shall be an independent director as defined under the applicable requirements of the securities regulatory authorities. Directors who are employees of the Corporation may not serve as members of the Committee.
- (b) One of the Committee members shall be designated by the Governance Committee as the Committee Chairman.

### **5. Member Qualifications**

All members of the Committee shall be financially literate which requires that all Committee members have the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Corporation's financial statements.

## **6. Member Appointment and Removal**

Committee members shall be appointed annually by the Governance Committee and from time to time thereafter to fill vacancies on the Committee. A Committee member may be removed or replaced at any time in the discretion of the Governance Committee.

## **7. Operating Procedures**

- (a) The Committee shall meet four times annually and as many additional times as necessary to carry out its duties effectively. Unscheduled Committee meetings shall be held at the call of the Committee Chairman, upon the request of two Committee members or at the request of the external auditors, and a majority of the members of the Committee shall form a quorum. Notice of the meetings of the Committee shall be provided in accordance with the Corporation's By-Laws.
- (b) The powers of the Committee may be exercised at a meeting at which a quorum of the Committee is present in person or by telephone or other electronic means or by a resolution signed by all members entitled to vote on that resolution at a meeting of the Committee. Each Committee member (including the Chairman) is entitled to one vote in Committee proceedings. For greater certainty, the Chairman does not have a second or casting vote.
- (c) The Committee Chairman and the Chief Financial Officer shall develop the agenda for all meetings of the Committee as well as an annual work plan that are responsive to the Committee's responsibilities as set out in this Mandate as well as the Committee's strategic priorities, all in consultation with Committee members, management and the external auditors, as appropriate.
- (d) Unless the Committee otherwise specifies, the Corporate Secretary of the Corporation (or his or her designate) shall act as secretary of the meetings of the Committee, and minutes shall be kept for each Committee meeting.
- (e) The Committee Chairman shall conduct all meetings of the Committee at which he or she is present. In the absence of the Committee Chairman, the Committee members shall appoint an acting Chairman.
- (f) At each regularly scheduled meeting of the Committee, the members of the Committee shall meet in separate private sessions with the external auditors, management and the Committee members only. The Committee shall meet in private session with the head of Internal Audit Services and with the Chief Risk Officer as often as it deems necessary.
- (g) The Chairman of the Committee may invite any officer or employee of the Corporation or any other person to attend any Committee meetings to participate in the discussion and review of the matters considered by the Committee.
- (h) A copy of the minutes of each meeting of the Committee shall be provided to each Director.

## **8. Reporting to the Board**

The deliberations, decisions and recommendations of the Committee, including with respect to the most significant matters discussed by the Committee, shall be reported to the Board at the Board's next regular meeting.

## **9. Evaluation and Assessment of this Mandate, the Committee and its Compliance with this Mandate**

- (a) At least every three years, the Committee shall review and assess the appropriateness of this Mandate taking into account all applicable legislative and regulatory requirements as well as any best practice guidelines recommended by regulators or stock exchanges with whom the Corporation has a reporting relationship and, if appropriate, recommend changes to the Mandate

to the Board for its approval, except for minor technical amendments to this Mandate, authority for which is delegated to the Corporate Secretary or Assistant Corporate Secretary of the Corporation, who will report any such amendments to the Committee and the Board at their next regular meetings.

- (b) The performance of the Committee shall be evaluated at least every two years in accordance with the evaluation process developed and approved by the Governance Committee, and the results of such evaluation shall be reviewed by the Committee.
- (c) The Committee shall develop and recommend to the Governance Committee a position description for the Chairman of the Committee. At least every three years, the Committee shall review and update as necessary the Chairman's position description and recommend any changes thereto to the Governance Committee for its approval.

#### **10. Advisors**

The Committee shall have the authority to retain, at the expense of the Corporation, outside counsel and other advisors as it deems necessary.

#### **11. Responsibilities**

Nothing in this Mandate is intended to expand applicable standards of liability under statutory regulatory requirements for the directors or the members of the Committee nor to assign to the Committee the Board's responsibility regarding the Corporation's compliance with applicable laws or regulations.

It is not the duty of the Committee to plan or conduct audits, or to determine that the Corporation's financial statements are complete and accurate and are in accordance with IFRS. Such matters are the responsibility of management and the external auditors, as applicable.

Members of the Committee are entitled to rely in good faith, absent knowledge to the contrary, upon:

- (i) the integrity of the persons and organizations from whom they receive information; and
- (ii) the accuracy and completeness of the information provided.

"Good faith reliance" means that the Committee member has considered the relevant issues, questioned the information provided and assumptions used, and assessed whether the analysis provided by management or the expert is reasonable.